

AGRICULTURAL RESEARCH INSTITUTE
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THE

# CO=OPERATIVE

JOURNAL -

Vol. V

abuty:

" If the system of Co-operation can be introduced and utilized to the full, I foresee a great and glorious future for the agricultural interests of this country."

II. M. the King-Emperor.

December 1911.

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PROF. J. C. COYAJEE, B.A. (Cautab), PROF. P. MUKHERJI, M.A., F.R.E.S.,

Presidency College, Calcutta.

Presidency College, Calcutta.

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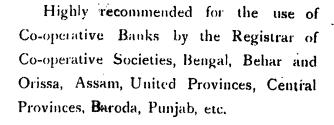
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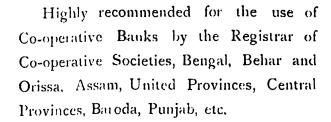
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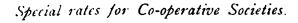
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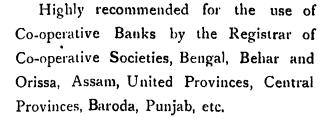
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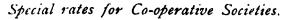
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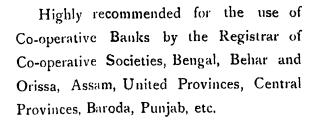
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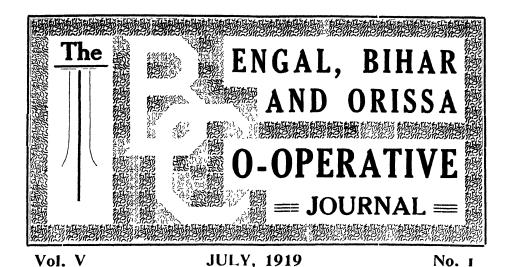
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## NOTES AND NEWS

With this issue we begin the fifth year of our existence. begin our labours anew at a time when the whole world is breathing afresh in an atmosphere of peace, good will and harmony. The terrible days of the war are, by the grace of the God of Nations, over and we are once again able to direct our thoughts and energies to the peaceful work of reconstruction and improve-The Great War has had its lessons for all: it has ment. nobly vindicated the principle of co-operation, for the great Allied endeavour which has laid proud Germany in the dust was a great co-operative effort for the salvation of mankind: it was through genuine practical co-operation in finance, in man power, in munitions and in every other factor of modern warfare that the Above all, it was through the whole-hearted cowar was won. operation of the various component units composing the great British Empire that made victory possible. There is now no doubt that the fundamental idea on which the future civilization of the world will be based is the co-operative idea.

It is indeed very gratifying to record that Bengal is in for a year of great expansion in co-operative efforts. During the year there has been an increase of about 800 new societies: these 800

new societies include, besides credit societies, industrial societies among weavers, milk supply societies, agricultural sale and supply societies, anti-malarial societies, etc. The Tea-planting Community are showing signs of taking up the subject of co-operation and if they do take it up the Tea areas may become very important in the movement. At Naogaon important developments are taking place: the Naogaon society is going to have its Banking Department, Stores Department, Cattle Insurance and Farm Departments, etc.: it is about to engage the services of a well-known practical co-operator on a salary of Rs. 1,000; it is also endeavouring to popularise co-operative ideas among its members and the public generally. In short, Naogaon bids fair to become a place of pilgrimage for co-operators from all parts and we should not be surprized if some day a session of the Co-operative Conference is held in that Co-operative Tirthasthan.

We extend a cordial invitation to co-operative workers in the provinces of Bengal, Bihar and Orissa to send to us records of their work and to contribute to our pages articles describing any new experiments, new ideas and new possibilities. For a healthy development of the movement an interchange of ideas is essential, and this Journal is the proper medium for such an interchange We should also like to take this opportunity of requesting our readers to popularise this Journal and to increase the number of its subscribers, so that its influence may be more widely felt, and the activities of the Bengal Co-operative Organization Society may be more widely known.

The Bengal Co-operative Organization Society is about to inaugurate a campaign of mofussil propaganda. District Co-operative Conference are to be arranged at various places in the mofussil: at these Conferences representatives of rural societies will be present; local problems will be discussed; the relations between primary societies and Central Banks will be explained; local grievances will be ventilated; co-operative principles will be

explained; and prizes will be distributed to secretaries of best managed rural societies. The success of such Conferences will largely depend on the efforts of local gentlemen and Central Bank authorities; the Bengal Co-operative Organization Society will, however, render every possible help which its limited means will allow. At places where such Conferences are held branches of the Bengal Co-operative Organization Society should be formed. The bye-laws for forming such branches will be sent to any Central Bank that writes to the Hon. Secretary, Bengal Co-operative Organization Society.

During the ensuing session the following public lectures will be delivered under the auspices of the Bengal Co-operative Organization Society—Prof. J. C. Coyajee on "Urban Co-operation", Mr. T. C. Roy on "Co-operation and Industry", Mr. J. T. Donovan on "Co-operation and the Milk-Supply of Cities", and Prof. Radhakamal Mukerji on "Existing forms of Indigenous Rural Co-operation."

To enable new credit societies to start business the Chanchal Raj Estate deposits Rs. 500 in each newly started credit society within its jurisdiction, the rate of interest charged on these deposits being only 3 per cent. Recently four new banks have been started in Malda on a share basis and they have all received deposits from the Raj Estate. Here is an instance of the practical demonstration of sympathy for the co-operative movement by a zemindar and we have great pleasure in commending it to the notice of all zemindars in Bengal. May we not take this opportunity of inviting the Raja of Chanchal and other zemindars of Bengal to respond to His Excellency the Governor's appeal by extending their patronage to the Bengal Co-operative Organization Society?

Ever since the holding of the Students' Co-operative Conference in March last, the student community of Calcutta and

its neighbourhood and the authorities of the Calcutta University have been taking a keen interest in the promotion of co-operative stores in connection with the Colleges and the University. Co-operative Stores are being organized in the Vidyasagore College, the South Suburban College and the Sibpur Engineering College. A committee is also sitting to prepare a comprehensive scheme of a big Central University Store in Calcutta.

We are glad to find that the Pabna Central Bank has started a library of books on co-operation, general banking, book-keeping, accountancy and agriculture. It subscribes to the Co-operative and Agricultural Journals and freely circulates them among the shareholders of the Central Bank and members of affiliated Societies and also among such members of the general public as are recommended by the authorities Until branches of the B. C. O. S. are organised in moffusil towns, the moffusil Central Banks should be the media for the propagation of Co-operative principles in our moffussil town and district areas, and, in this respect the usefulness of such a library as has been opened in the Pabna Central Co-operative Bank can not but be great. The Pabna Central Bank has ear-marked a special allotment for the purchase of books in its annual budget. We hope other Central Banks in the province will follow the Pabna Central Co-operative Bank in this respect.

That distinguished co-operator Prof. Charles Gide has described in a recent article the work of the Inter-allied Co-operative Conference which assembled at Paris and was attended by Co-operative representatives of all the Entente countries. This was the second International Co-operative Conference as a couple of years ago the first Conference of the kind had been organised and attended by representative co-operators from England, France, Belgium and Italy. The present Conference was, however, more largely attended and the representatives included men from the Unnited States, and Greece as well as from that newly recognised country—Bohemia.

The main items on the agenda of the Conference were as follows:—

- (a) Consideration of the methods of helping the organisation of co-operative societies in the regions which have suffered from invasions.
- (b) Commercial relations to be established between the great co-operative stores and magazines of the different allied countries.
- (c) A programme of international commercial policy proposed to be followed after the war.

This last question was the most important matter with which the Conference occupied itself. The idea might appear to be too ambitious for a co-operative gathering. But the organisers of the Conference believed that co-operators represent the organised body of consumers and that as such they have a right to submit views on high problems of economic policy. The views of organised co-operators representing so many important countries were considered to be not unworthy to engage the attention even of the great political Conference sitting at the Quai d'Orsay.

The reporter of the Inter-allied Co-operative Conference has tried to give a formula of commercial policy which might be in accord with the co-operative programme. The assembled cooperators rejected the idea of a protectionist system because that system sacrifices the interests of the consumer to those of the producer. Nor would the majority accept entirely the free trade principle which, in its view, emphasised too much the views of Individualism. The true trade policy according to the programme of the Conference is that which establishes between nations the same relation which co-operation establishes between individuals -it should be based on a policy of association. The regime of treaties of commerce was believed to be an undoubted approach and step towards the regime of co-operation. This thesis undoubtedly astonished some of the members of the Conference itself and it is not intended here to vindicate the conclusion arrived at by the conference. Commercial treaties by no means represent the highest economic ideal; partly because of their purely bilateral

character and partly because of the sordid bargaining which they involve. The Conference was on surer ground when it advised that import duties should be in future of a fiscal and not of a prohibitive character.

While the eyes of the world are fixed on the great events at present taking place in Russia, the hopes of the most thoughtful and distinguished Russians are centred on co-operation which is believed by them to be the great and living force which can counterbalance the economic excesses of Bolshevism and restore Russia to normal economic life. One of the great Russian Economists expresses himself thus on the subject :- "That in the midst of the ruins of Russia the edifice of co-operation (reared by the hands of millions of the more patriotic sons of the country) should find itself completely intact is a fact of the highest significance not only for Russia but for all humanity." It is one of the greatest triumphs of co-operation that it should serve as the living core and sap of the economic life of a great nation even among the horrors of an unprecedented revolution. This consummation is of course not due to any good will which the Bolsheviks bear towards co-operation. These men have always held our system for suspect and no sooner did they achieve success and gain a firm hold of Russia than they tried to transform the co-operative assemblies into political meetings for revolutionaries who are strangers to the notion of co-operation. In a word the followers of co-operation where subjected to a steady and systematic persecu-M. Tcheruoff personally visited the Assembly of Co-operative Instructors at Moscow and delivered a discourse in which he pronounced the principle of State Socialism to be superior to that of Co-operation. But the faith of the Russian co-operators in the principles of their system remained unshaken either by the persecution or by ministerial discourses. The persecution failed because the Russian peasant and workman had acquired by experience a deep faith in co-operation; and because co-operation can flourish and can make the most of its legitimate opportunities under any system whether it is Czarism at one end or Bolshevism at the other end. Can a higher compliment be paid to any economic Institution?

An official report, which has lately been published, shows that the co-operative credit movement made good progress in the year 1917-18 though an enormous field still remains to be covered. The number of Central banks including Provincial and Centra! Banks and Banking Unions rose during the year from 264 to 282, the membership of these institutions increasing in the same period from 76,475 to 91,494 and their working capital from Rs. 485 lakhs to Rs. 580 lakhs. The net profit resulting from the operations of these banks was, in round figures Rs. 11 1/2 lakhs. During the year the agricultural primary societies increased in number from 20,990 to 23,742 and the non-agricultural societies from 1,237 to At the close of the year the agricultural societies comprised 851,407 members with a capital of Rs. 689 lakhs and the nonagricultural societies 203,837 members with a capital of Rs. 171 lakhs. The aggregate profits of the primary societies reached Rs. 35½ lakhs. A very instructive table is presented showing the number of societies per hundred thousand inhabitants in the various provinces. Ajmer is easily first with 73.2, Burma coming next with 29 and the Central Provinces third with 26.6. Punjab follows with 20.6 and then come Coorg with 18; Bombay with 9, Bengal with 8.2, Madras with 6.6, the United Provinces with 6.5 and Bihar and Orissa with 5.

In the April number of the Agricultural Journal of India Mr. Abdy Collins, lately Registrar of Co-operative Societies, Behar and Orissa, makes a contribution to the controversy on "the True Sphere of the Central Co-operative Bank". It is interesting to consider the lines along which Mr. Collins tries to answer the arguments of Mr. Ewbank. Theoretically he sees no objection to a central bank conducting propaganda and founding and inspecting societies. If the Bank does no inspection, it must rely on the reports of the unions and the audit notes and becomes a mere machine to register the union's orders. But, argues Mr. Collins, in that case to all intents and purposes it is the union that is doing the banking. Mr. Collins does not accept Mr. Wolff's objection that a central bank's proper business is to form a link with the commercial world, because in his view in India this link

is found in the provincial bank. He also believes (as against Mr. Willoughby and Mr. Darling) that it is possible to form "the best directorate" by a mixture of town dweller and small landholders. He also denies that the central banks in Behar and Orissa have anything whatever to do with audit, except to see that defects pointed out in audit notes are remedied; and in this connection it is worth nothing that in that province the federation consists of primary societies and not of central banks. Further, none of the societies (with very few exceptions) are at least now required to deposit their reserve funds in central banks.

#### CREDIT

### [By H. CALVERT, Esq., i.c.s.]

Credit plays so large a part in all industrial transactions and especially in agriculture, the greatest industry of all, that a thorough and widespread understanding of its nature, its benefits and its dangers is necessary if the evils that follow its misuse are to There seems to be little room for doubt that except where its use is carefully safeguarded, credit is the cause of an immense amount of harm. As there can be no debt without credit, it follows that the heavy burden of indebtedness which throttles agricultural progress in India is a direct consequence of the abuse of All countries and all epochs furnish innumerable instances of the ruin that follows credit in the hands of those not wise enough or not educated enough to use it properly. It destroys the borrowe: as well as the lender; and outside narrow limits, it is far more potent for evil than for good. These narrow limits roughly demarcate the forms of credit which do not lead to the Courts from those that do, the credit at low interest from the credit at high interest, the credit dealt in by the highest class of bank from all other credit.

#### THE NATURE OF CREDIT.

"Credit" is derived from a word meaning something believed. It is belief in a future occurrence, namely the repayment of the money lent. It is based on confidence that this event will occur in the future. Where there is no real belief but only expectation, no real confidence but only hope, the transaction is not really credit but gambling or speculation. To this class belong most of the transactions with which our Civil Courts are so busily occupied; they owe their existence largely to the attitude of these courts and there is reason to believe that the institution and development of Civil Courts for the recovery of debt are largely responsible for the prevalence of these undesirable transactions. The Civil Courts are concerned with contracts and not with the economic effects of

contracts. The question of credit arises when one person, called the borrower, desires the use of money or some other valuable thing in the possession of another, called the lender or creditor, for which the latter has no better immediate use. If the creditor believes that the money or other valuable thing or its equivalent will be returned, he is said to give credit to the borrower. Thus a man is said to possess credit if he inspires such confidence in another as to lead that other to lend him the temporary use of anything of value. man gives credit if he transfers some valuable thing to another in the belief that it or its equivalent will be returned. The vital element in all credit transactions is the practical certainty of repay-It is thus not the thing lent but the thing to be given back that determines the act of the creditor. Herein the transaction of credit differs from speculation or gambling. In the former case the creditor acts in the belief that the equivalent of each thing lent will be returned, in the latter the lender believes that over a whole series of transactions, the returns will exceed the outgoings, that his losses on some will be recouped from his profits on others. In the former case the lender expects back the equivalent of the thing lent plus something extra representing the earnings which he could reasonably have expected if he had used his money or valuable thing in any of the other alternative ways open to him. In the latter case the lender over and above these earnings must receive a sum sufficient to recoup his possible losses in transactions from which nothing comes Hence it is that the rate of interest affords a rough guide to the nature of the transaction and serves to distinguish credit from speculation. The giving of money to a friend in difficulty is not always credit, it is charity or an act of kindness unless the return of the money is a practical certainty. Credit is thus a form of exchange, something is given now in the belief that something more will be returned later; the something to be returned in future is not necessarily the same thing as was borrowed, but it is its equivalent. The lender possesses something which he does not wish to use himself, and the borrower wants the use of something which he has not got. Herein is the benefit of credit; it increases the usefulness of valuable things. Oxen resting idle in the stalls of their owner may be useful to a neighbour; a little surplus money buried in the wall may be of service to a fellow cultivator. The

great function of banks is to serve as collecting places for all the sums of money not immediately wanted by their owners, and to distribute this money to those requiring the use of it. The Bank is a middleman between him that has and does not for the moment want to use, and him that has not the thing but has a use for it.

#### THE LENDER.

The creditor or *lender* gives up something which he has now, for something to be given to him later, and as it is always better to have wealth than to believe you are going to have it, the lender has to be induced to give up what he has, by the offer of something. The extra sum returned over and above what has been lent is called interest. Interest is the inducement that leads a man to give up the absolute certainty of present possession for the belief of future possession.

The lender in parting with his wealth loses control over it for a period; he has to wait for its return and during this period of waiting he is exposed to considerable risk. When he lends he has to be reasonably certain of three things:—

- (i) that the borrower will be willing to repay;
- (ii) that the borrower will be able to repay; and
- (iii) that the borrower's willingness and ability to repay will both exist at the *time* fixed for repayment.

It is obvious that willingness to repay without the ability to do it, is no good to any one; and similarly that ability to repay without any intention of doing it only means trouble, and also that it is of little use to the lender, if the borrower is both willing and able to repay at the time of taking the loan or for some little period after, if some time later either the willingness or the ability disappears.

The willingness to repay is largely a question of the character of the borrower, while the ability to repay depends upon the property he possesses. It is the lender's business to strengthen both the willingness and the ability by taking suitable precautions. It must be remembered that the borrower is going to use what he has borrowed. If it be seed, he is going to sow it; if it be money, he is going to spend it; and there is no question of returning the same

seed or the same money. There must be produced new seed and fresh money to replace the old and the lender has to try and make certain that this new seed or fresh money will be available at the proper time. He must try to make certain that the borrower will have produced this new seed or this fresh money by the time the loan falls due. This fresh production may happen as a result of the expenditure of the thing borrowed or may be due to some other source of income. In the first case the loan is described as a productive loan; in the second case it is usually an unproductive loan.

A productive loan is that which is employed to create something materially valuable; this return from the expenditure must cover principal, interest and leave a certain profit. A loan which is employed to stop a loss, or effect an economy may also be called productive, if the loss saved or economy effected is sufficient to repay principal and interest and yield a profit. The expenditure of such a loan provides for its own repayment; the lender lends because the return will cover principal and interest and so ensures ability to repay; the borrower borrows because over and above the principal and interest, there will be a profit for himself. Thus the lender can safely advance loans for productive purposes if he is assured that the borrower will be willing to repay and if he can protect himself against the risk of the failure of the borrower's enterprise. He can exercise due caution over the first condition by careful choice of the persons to whom he will lend, but he has not the same control over the process by which the borrower seeks to produce new wealth to replace the old. In ordinary trade, the lender or banker does not lose possession of the thing on which the loan is spent until it is paid for. A tradesman will order cloth from England; the shipping papers, railway receipts, etc., are paid for by a bank which takes possession of the goods and only releases them as they are redeemed for cash. The tradesman is able to order goods in advance of his actual requirements and to pay for them as he sees opportunity to sell them. The bank advances the money to pay the manufacturer, because, if the borrower fails, it can always sell the goods and need only recover from the borrower any small margin of loss. It is sufficient for the bank if it is certain of recouping itself for any little loss there may be on the sale of the goods. The point is, the money is only advanced in exchange for goods and the goods are always there in the Bank's possession until they are paid for. In agriculture, there is a very different state of things. Agriculture has been aptly described as the "trade of the year to come." The cultivator expends labour, bullock-power, seed and manure and hopes for a crop; but in the case of the failure of the crop he cannot recover his labour, or his bullock-power or his seed or his manure, and the lender who advanced money for all these purposes may find that even though the expenditure was "productive." there is no return to repay principal or interest. The cultivator must continuously be expending capital, he must continuously be putting things of value, such as seed, labour, etc., into the land, and he has always to look forward to some future time for a crop that will provide him with sufficient to repay him all he has expended and afford some profit for himself besides.

He who lends to a cultivator has to take into consideration this risk of there being nothing in return. He completely loses control of the money he advances and he has nothing to sell to recoup his loss if the cultivator fails to pay. It accordingly becomes necessary to take some extra precaution to protect himself from this risk. He has already carefully chosen as his borrower one who will be willing to repay, he must also ensure that there will be resources from which the loan can be repaid. He must insist upon some already existing valuables which can be devoted to repaying the debt, if the original expenditure of the loan produces nothing or a return insufficient for the purpose. In other words he must insist upon security. This security may be of two kinds: the promise of some other person to pay if the original borrower fails; or the pledge of some property which can be sold or put to productive use in order to make good the sum borrowed. In the first case, the promise is ultimately dependent on the property and character of the surety, but the property is not usually specified; in the second case the property is usually specified and pledged. The first form is called 'personal security', the second is a mortgage.

In actual practice, no sensible man lends anything without security, certainly there can be no good system of credit which is not based on sound security. It is frequently argued that the borrower is so honest that no security is needed, but honest only refers to the willingness to repay and as has been shown above, there must also be ability to repay. The most honest man in the world is as likely to suffer from a bad harvest or a hail-storm, or to find his cattle die of disease or accident, as the biggest criminal. A lender who charges low interest must be certain of the return of his principal, and therefore if he is not certain of the return of his capital, he must charge higher interest. For instance a village bank borrows at 8 per cent. from the Central Bank and lends the money at 12 per cent. to a member; it stands to gain 4 per cent. over the transaction. If it advances Rs. 100 and loses this, it loses the equivalent of the profit on lending Rs. 2,500.

#### THE BORROWER.

As has been mentioned, cultivators have continually to be making advances, paying for labour, for bullocks and for seed and for manure and putting this capital into the soil. In a good year, the return will usually be ample to recoup them for all the expenditure they have incurred and if the harvest of one season fails, the harvests of a series of seasons should show a gain on the whole work of the period. But it does not necessarilly follow that every separate item of expenditure will give a return sufficient to cover it with interest and profit. A well may be sunk that proves a failure, a 'bund' may be built that breaks in the rains, artificial manure may be bought that gives no extra yield commensurate with its cost; the last two or three ploughings, though they cost money, may not enhance the yield. The honest borrower is not only willing to repay, he wants to repay if he can, and so he wants to secure a return on his expenditure that will enable him to repay. If the return is too small, he will lose many things—he will lose the profits of his labour, he will have to lose part of his other capital in order to make good the sum he borrowed, and he may lose his power to borrow again, for the loss may so weaken his credit that the lender will not trust him with more money. Borrowing by a cultivator even for productive expenditure is thus beset with There is one other very important consideration. has been pointed out that the cultivator expends his capital, once and for all, in the hope of producing by this means fresh capital at

a future period. If his business is to be successful, this fresh capital must exceed the capital expended by a sum sufficient to cover interest and leave a profit for himself. A tradesman buying cloth to sell can usually calculate the price at which he will be able to sell it and to estimate his profit from the sale; the manager of a ginning mill, or a spinning mill, or any other kind of factory, should be able to calculate the cost of each process, the cost of labour, of coal, of repairs and of every other item that has to be paid for before his produce is ready to be sold. In agriculture this is not done. Cultivators do not keep accounts. received the price of a field of wheat, they cannot say how much of this price is the result of each ploughing or harrowing, or of the manure, or of the labour spent on weeding or embanking. cannot say which process has added to the profit, and which has diminished it. They cannot even say whether any particular field of wheat has yielded any profit at all over and above all the expenditure of money and labour, for it may happen that the cultivator would have obtained a bigger return by renting the field, or by selling it and investing the money, or by leaving it fallow and devoting his bullocks and labour to transporting goods from town to town. In short the cultivator is not able to say with any accuracy that, having borrowed money and expended it on cultivation, there will be an income sufficient to repay the loan with interest and still leave a profit for himself. The cultivator who cannot make calculations should try to avoid borrowing; he may not become wealth; but he will not get into debt. borrow, he must realise that the lender wants the money back and that accordingly he must repay from his produce or from his capital, that he must use the loan to increase his income sufficiently to repay it or must become poorer by having to sell some of his property. Every loan will leave him either richer or poorer; unless it leaves him richer, it will most certainly leave him poorer; unless the cultivator is certain that it will leave him richer, he may be certain that it will leave him poorer. A loan for a productive purpose thus may leave him poorer, a loan for any other purpose almost certainly will leave him poorer. Cultivators who cannot make correct calculations for themselves will almost certainly become poorer by borrowing, and this is what is meant when it is

said that credit is dangerous. It must be remembered that both borrower and lender are equally interested in making sure that the return from the expenditure of a loan will be sufficient to repay it with interest and profit; but the lender is risking his own capital, the borrower is risking some one else's (the lender's); accordingly there is apt to be a greater readiness to borrow than there is readiness to lend. In so far as the lender is anxious to safeguard his loan, he is helping the borrower to avoid a possible loss and so it is to the borrower's advantage that lender should advance money with great caution.

But there is another point. The borrower may have property from which the loan can be repaid if the original expenditure yields an insufficient return; in such a case the lender may lose nothing and the loss will fall on the borrower. The borrower cannot extort from the soil what the soil will not give him, but the lender can extort from the borrower when the soil will not give him enough. Thus borrowing is full of danger for the borrower and the more easy borrowing is made, the more dangerous it is. The borrower has to remember that those get into debt who do not repay and that the man who lends without being certain of repayment is the cause of the debt. There are very few men who would not borrow, if borrowing were made too easy. There are all over the world an immense number of landowners who have been ruined because borrowing was too easy; and it has been said that far more landowners have been ruined by credit than benefited by it; on the whole mortgage-credit especially does far more harm than good.

Too easy credit encourages extravagance, and discourages thrift and economy. Without credit, there would be much less litigation, for most litigants have to borrow money to meet the expenses of their cases. Credit encourages spending for unproductive purposes. It is easier to borrow money for a marriage, for clothes, or drink than to save up for these purposes. Too easy credit destroys character by leading men to borrow without knowing when they can repay. It also is a cause of high interest. When a lender feels certain that the loan with interest will be repaid from the return on its expenditure, he can afford to charge low interest. When he is not certain he must charge higher interest to protect himself against loss. When the expenditure is productive,

the lender knows that it will leave the borrower richer than before and so better able to repay. When the expenditure is unproductive, the lender knows that it will leave the borrower poorer than before and so less well able to repay; there will be some risk over recovery; there may have to be a suit with all its expenses; there may be loss. So the lender has to charge high interest. High interest discourages effort on the part of the cultivator, for he knows that the better crop he gets by his labour will only benefit the lender; it will go towards paying interest and will leave nothing for himself. When a cultivator is heavily in debt, he takes no pleasure in good cultivation or better seed or improved ploughs, and so indebtedness is a cause of bad cultivation.

There is one form of easy credit which does a great deal of harm and imposes a very heavy burden but which the borrower seldom understands. This is shop credit, credit on goods purchased to be paid for later on. The borrower fails to realise that if the shopkeeper lets him buy goods on credit, he does this because it pays him better to do it than to insist on cash payment for every The interest on the loan is included in the price of the goods; thus goods have to be sold at a higher price if on credit than if sold for cash. Cultivators everywhere resort to shop credit more The latter borrow from a bank where they keep than townsmen. their account, but there are very few banks in rural areas and cultivators borrow from the shops. In England it is said that "it is the habit of farmers to obtain their financial help by taking long credit with their merchants and tradespeople, a method far more expensive than the risk demands, or than many of the farmers In America this form of credit has placed the farmers under the heel of the shopkeeper. He makes the farmer grow the crops which will best pay the shopkeeper to deal in and not those which will best repay the farmer. In Ireland this shop credit was carried to its extreme lengths and the farmers became little different from the slaves of the shopkeepers. In India this is one of the biggest evils, the cultivators never know how they stand, how much they are paying as interest. The great point to be remembered is that a shopkeeper who sells goods on credit takes very good care that he does not lose by it and consequently a man who buys on credit is certain to lose by it.

#### ADVANTAGES OF CREDIT.

From all the above it may be gathered that all credit should be abolished but credit can bring benefit if wiselv used. The credit to be avoided as an evil is credit for unproductive purposes, credit for consumption (such as shop credit) and credit that is so easy that the borrower is not made to think out at the time of borrowing wherefrom he is to repay the loan.

As has been said cultivators have to expend money on seed, labour and bullocks sometime hefore any return by way of a harvest can be expected. Having got the harvest they have to find a market for it and if they can, they should be able to hold it until they can secure a good price. If they have sufficient money of their own for all these needs, they should not borrow; but where holdings are small, the cultivators seldom do have enough money and so they need credit. Moreover a cultivator's income is received not month by month like that of a paid servant nor day by day like a shopkeeper's, but usually at two seasons of the year and he needs money for his expenses in between these seasons.

In ordinary trade and business, money for current needs can be bought from a bank. A bank lends the money it receives from its depositors and as the depositors may want it back, the bank is never able to lock up this money for long periods. The cultivator on the other hand has to lock away his capital in the form of seed, manure, labour etc. for several months. The ordinary bank which lends money to manufacturers or tradesman expects the money back within three months; if the manufactureer or tradesman has not got the cash in hand to pay he can usually raise at hy pushing the sale of his goods; but the cultivator is powerless to alter the periods in which his crops will ripen, he must have money from before seed time till after harvest or it is useless. For this reason the ordinary bank is of little direct use to cultivators; it has been organised to supply commercial needs and not the needs of agriculture and so throughout the world it is recognised that agricultural credit requires a different machinery.

### AGRICULTURAL CREDIT.

The machinery for agricultural credit is usually found to be

one or other of the following kinds: it may be supplied by money lenders, by Government, by special land banks or by co-operative banks.

Money-flenders have everywhere caused indebtedness, poverty and ruin by giving credit too freely, by charging excessive interest and by encouraging unproductive expenditure. No wellwisher of agriculture advocates their increase. Government advances money directly to cultivators in several countries (e. g. takkavi in India) and through Government Land Banks in others as in Australia. The objections are that Government is not able to decide whether every applicant for a loan is really in need of it and is a suitable borrower, and further that no Government possesses sufficient money to meet all the needs of agriculture. Land banks are sometimes advocated but experience has shown that they have serious drawbacks. In France the big Land Bank (Credit Foncier) has not been able to render very great services to agriculture and in Egypt after many years' trial of the Land Bank it has been found desirable to start Co-operative Credit Societies. Co-operative credit has everywhere been acknowledged to be the best means of providing the money necessary for current working expenses. It does not depend on the land itself, it is personal credit based on the character of the borrower, his working capital, the security of a fellow-worker and membership of an association. A Co-operative Society is able to acquire capital and to lend this without serious risk for several reasons:

- (i) it consists of members carefully selected for their character, so that the co-operative group possesses integrity above the average of the population from which it is drawn; in order to facilitate this, it is essential that the members be selected from such a small area that each is known to all and all to each.
- (ii) as the capital is largely composed of their own money, in the form of shares, deposits or reserve fund, the interests of borrower and lender are harmonised:
- (iii) All the members are in the end liable without limit for sums borrowed by any one of them; they pool their credit to borrow from outside and jointly guarantee to make good any loss:

[These three points increase the integrity or the will to pay]

- (iv) The purpose of loans is carefully scrutinised by the neighbours of the borrower who can be trusted to judge accurately of his needs:
- (v) the application of the loan to the purpose approved is similarly supervised:
- (vi) the pooling of liability involves legal pooling of assets so that a default by one is made good by the surplus of another.
  - These three serve to increase the ability to repay. The system seeks to secure credit from outside by improving the integrity of the borrower and by ensuring ability to repay by the rule of unlimited liability of each member.

# THE LAST BENGAL PROVINCIAL CO-OPERATIVE CONFERENCE

### [By Mr. H. H. WOLFF.]

I have not, of course, the full Report of the Tenth Bengal Provincial Conference before me. But the summarising notes about it appearing in the last number of the Journal—suggestive, ecouraging, and to me at my distant point of vision, valuably enlightening as they are—violently tempt me to offer a few observations, which I hope that the Editor of the Journal may accept. That will, incidentally, provide me with a wished-for opportunity for getting myself right with some of the readers of the Journal in respect of one or two points on which we may seem at variance—I think, without really being so.

There can, assuredly, be no ground for serious surprise in the fact that I, at a distance, and with a pretty wide knowledge of the history of co-operative movements in various countries to draw upon, looking at the broad facts of what has happened in India, should take, on the whole, a bright and decidedly hopeful view of what in the history of co-operation I still must pronounce an unprecedented success, whereas Registrars and others actively interested in the movement on the spot, struggling with difficulties, at some time serious enough to appal them, let their eyes rest to a greater extent on the obstacles to be contended with.

Another plea which, I think that in justice I am entitled to put forward on my own side, is this, that, writing conceivably for more than the present moment, I look rather at what ought to prevail in the ultimate stage of development of the movement, be it as a purist, than at momentary conditions, which suggest, and may justify, exceptional means for coping with and overcoming them. I will instance just two points. There is the present action of your Central Banks. In the uncontestable absence of other bodies to do the work, they may be absolutely necessary and highly desirable. But in the end I certainly hope to see unions representative

of the primary societies, taking it off their hands, in order that there may be no interlocking of conceivably conflicting interests. The Central Bank is there to take charge of and provide money. The control of their own affairs must ultimately be left to the societies themselves. In the same way, those "guaranteeing unions", by which some Registrars set so very great store, may be desirable and even necessary at the present stage. All that I contend for is that they involve the acceptance of a principle which, if adopted as an abiding practice, runs counter to the co-operative principle that every member should remain master of his own liability. In a Joint Stock Company you place yourself in the power of a Board which holds you as in a vice and sometimes loses you your money. In a co-operative society you want to remain your own master.

If I admit that unorthodox practices like those referred to may under circumstances be desirable in early stages, I must couple that admission with the proviso that the danger which I wish to guard against lies in this, that the practices in question only too readily grow into settled habits not easily to be eradicated. That same danger is inherent in state aid, and makes it so very important that wherever such aid is given, it should be narrowly limited and held well in restraint. The state rupee of course is no better and no worse than the independent rupee—provided that it is advanced in the same way. Providence fed the children of Israel on Manna, while they stood in need of it. However Providence possessed the power which state governments lack, of stopping the supply of manna absolutely the moment that it has ceased to be indispensable and making the children of Israel grow corn and bake bread for themselves. The mischief lies in the continuation of the habit.

One more plea I ask to be permitted to advance. What I have written in books I have of course written, not for India alone. When I wrote the third edition of "Peoples' Banks," I had conditions in Europe, and more particularly in Germany and Austria-Hungary, in my mind and wrote to a great extent with the object of warning—which in one case I did successfully—against two abuses, very rampant in those countries at the time and one of which led to the great Hessian Bank Crash of 1912. One such mischief was excessive reliance upon state aid, which, among other

things had led to the piling up of gigantic liabilities upon a mere promise of a state. The other was the combination of Trading with Credit at *head quarters*. Whether at my instance or otherwise, that abuse was set right in proper time.

Now as to the Conference, I heartily join in the congratulations addressed to it in this Journal on the score of its improved and practical tone plainly marking the discussions. But really it was only to be expected that at first minds should bubble over and run astray. There is no good wine which does not pass through a period of lively fermentation in the process of which there is much expenditure of unprofitable gas. That wine is now becoming clarified and, coupled with such other institutions as the Bengal Co-operative Organization Society the creation of which I have been among the foremost to welcome, I have no doubt that these Conferences and similar exchanges of opinion, carried eventually locally more into detail, will further the movement a great deal and help in producing common action with realised common ends.

People should not lose courage or confidence by reason of the difficulties now encountered. Difficulties have had to be contended with in every other country, different component parts in them overtopping others according to the locality. They are infant complaints like mumps and teething. There were two complaints given special expression to at the Conference—two complaints that practically answer one another. Sir D. Hamilton of course lamented over the large expanse of territory calling for co-operative credit and not receiving that blessing. Another speaker bewailed the hopeless denseness in matters of co-operation to be encountered among the masses to be dealt with. If these men are so hopelessly unfit, how are you to proceed faster, and, with any reason and prospect of success, to carry out Sir Daniel's proposal to devise a "policy" by which the country is gradually to be effectively "covered" with co-operative credit institutions? It is not the "society" that yields the benefit, it is the men who compose In my opinion the Government of India, and the Registrars working under it, are pursuing altogether the right plan in setting great store by the quality of the societies formed than the number, and following in the expansion of the movement the line of least resistance. You cannot, as a Latin proverb has it, hunt with unwilling hounds. Organisers should not become distressed about the present non-receptivity in respect of principles of co-operation prevailing among the people. It was Mr. Holyoake's standing complaint that in Great Britain, the country of all others of successful co-operation among the millions of "members of co-operative societies", there were—and that is so still—so very few "co-operators". It is the same elsewhere—in Germany in Hungary, in France. Quite accountably the difficulty shows itself under its most serious aspect in India, where illiteracy is still rampant—though the Editor does very right in reminding his readers that illiteracy and the knowledge required for practical co-operation are not by any means the same thing. A man may be totally ignorant of letters and nevertheless a thoroughly good judge of the trustworthiness circumstances and doings of his neighbours.

The difficulty of making ignorant people accept and assimilate co-operative principles is at the present moment in India the great trouble, and every effort should be made to get it out of the way. The ardent desire for education which had been awakened by its action is one of the chief points to the credit of co-operation. And yet in providing co-operative gurus and pathsalas the cooperative movement is doing what it is not its business to do. does it, and deserves credit for doing it, because there is no one else to do it. That form of education is really a matter for the community. Co-operative education should begin where it leaves off. The proposal put forward at the Conference, that the Government should make provision for rudimentary instruction in co-operation to be given in elementary schools, and courses of lectures on co-operation on a higher grade at Universities, is a good one, and one may hope to see it carried out. In Finland the vigorous propagandist action of University students, instructed at their University, has been half the making of the rural cooperative movement, which is excellent and full of grit. example there set has been productive of similar propagandist work by University students in Russia, which has likewise proved fruitful.

But there is a very great deal of co-operative training to be done by societies—and by leaders of societies and groups of societies rather than by Central Banks or the officers acting qua

officers of Central Banks. That is in truth the point at which the shoe pinches most. And it is at this point that a remedy appears most difficult to procure. It is undeniably the best gifts which require the hardest striving for. Ardua Quea Pulchra. inculcating a sound knowledge of co-operative principles and practice personal influence is indispensable. Even in the matter of Registrar's work Mr. Gourlay, the Registrar in Bengal, has owned to me that his four weeks at Neuwied, seeing all the practical work done, had taught him more than all his reading and thinking. In the United States and in Canada agriculture is now being powerfully and substantially carried forward by the services of "Country agents" and "Country Representatives," as they are severally called, who is limited districts visit the people to be instructed and teach them in talking to them. Something of the same sort though not merely as laborious or applied to the individual is necessary in the earliest ages of co-operation. Now, who is going to do it? An occasional meteoric visit and delivery of an oration is nothing like enough. The first battalions of the new army to be created want to be taken in hand with some care—taught and shown things, and superintended. Once the skeleton force is so trained, the cadres may be left to fill up themselves and obtain their teaching from their leaders and comrades. Plainly, we want volunteers moved by devotion to the cause—the Hugheses, Vansittart Neales, Ludlows of India. The service requires a sacrifice. But for altruists there is a prize in sight.

Passing on to another subject I devoutly hope that Sir D. Hamilton's excellent proposal of an enquiry by a joint committee of Bankers, co-operators and men of business will be carried into execution. It would be odd indeed if such a Committee did not succeed in devising means for supplying co-operation with the requisite funds in a thoroughly businesslike way, that is the only way in which funds should be supplied. In this matter both Italy and Germany have set an excellent example and what has proved practicable in those countries should be practicable also in the country of the Indus and Ganges.

The greater attention paid to industries as contrasted with agriculture and rural life, is decidedly a point to the good. And I doubt if there will be many to be content with waiting, like the

"rustic" of the Latin verse for the "brook to run down", in other words, for the advent of that large industry which some people consider to be the true destiny of India. If it is, it threatens to be a long time in coming and to leave many millions, for whom it is to the public interests that occupation should be found, and should be found near their present homes, out in the cold. The remark made about our Co-operative Wholesale Society having "taken up" Production, and the hint given for a study of the ways of carrying it on in India are a little surprising—seeing that production was "taken up" by the "Wholesale" as long ago as in 1872 and now employs millions of money and thousands of hands. It is all to the good. But it is of no earthly benefit to you in India, unless the C. W. S. were to find means of dealing with you, for which at the present time there appears to me, to be little scope. Above all things the production carried on by the "Wholesale" is not "co-operation" at all—no more than is the eating of a slice of bread is the receiving of practical training in agriculture. It is an alternative way of purchasing the things required for the use of consumers. And in the next place it is not even remotely or indirectly that "small" more or less domestic industry that would be valuable to India. Rather the reverse, It gathers workmen to gether into large factories. It pays its workmen "list" prices. It sees that the factories are convenient and sanitary. But it leaves those workmen mère wage earners still dependent upon their employers—and it has resulted in workmen's and employees' trade unions and even a strike.

## A PLEA FOR CO-OPERATIVE SOCIETIES AMONGST THE MENIALS IN THE CALCUTTA CORPORATION

[By Sir Deva Prosad Sarvadhikary, Kt., c.i.e., m.a., ll.d.]

Several years ago when passing along the Mirzapure Street District Office I used to notice on certain week days a large concourse of Municipal menials waiting for their weekly wages on the pay day. Freely interspersed among them I used to notice stalwart and swarthy Kabulis with big thick sticks and ample money bags making their weekly collections from their unfortunate victims who on the same day or on the day following would again borrow money from them at the modest interest of two or three hundred per cent. I was not in the Corporation at the time. but was much interested in the welfare of the Corporation as also in the spread of co-operative principles. I took the liberty of addrssing the Hon'ble Mr. Payne on the question and suggested the formation of suitable co-operative organisations for saving municipal employees from the Mahajan harpies. Mr. Payne agreed with me as to the need of the organisation but pointed out the stupendous nature of the tasks involved.

The task is no less stupendous to-day;—if anything it is much more stupendous, but more clamant than ever. We have however to face the situation with a will and with zeal and must set our hearts to do what we can.

The co-operative movement was originally intended for and confined to the agriculturists. The authorities have since seen the necessity of extending it to wage-earners and bread-earners in general. I have been long trying to have it extended to our teachers and professors and have no doubt that in time it will have to be extended to and will be extended to bread-winners in all ranks and grades in life: not only as an insurance against debt but also as an insurance for economic and comfortable living. I shall not however labour the point here as enunciation of general economic principles in connection with the resolution I wish to place before the

Corporation for acceptance would be a needless promulgation of down-right truisms.

Considerable attention has been paid of late to the condition of the agricultural population of Bengal and measures have been adopted to protect them against money-lenders and improve their lot generally. But wage-earners in Calcutta are in no better a position. The abnormal rise in the price of food-stuffs and other necessaries of life is telling very heavily on these people. Cultivators have been benefited by rise in the price of agricultural produce, but wage earners who have to purchase every thing have been very hard hit. There are signs of restlessness everywhere amongst them and strikes have taken place amonst certain sections of the working population of Calcutta and elsewhere.

Even in the best of times these people have never an easy life. Their condition can without exaggeration be said to be one of chronic semi-starvation. They are over head and ears in debt to the Mahajan and in many case the Mahajan is the terrible Kabuli. The Kabuli knows how to realise his dues without resort to law. The exorbitant interest charged by him makes a big hole in the pittance earned and from the second week of the month the victim takes to borrowing. He lives practically on credit for the rest of the month. One can well imagine what the terms can be of credit given to such an impecunious person. He is sold body and soul to the Mahajan and is utterly demoralised. This demoralisation descends from father to son and it is no wonder that the sufferer become addicted to drink and other vicious habits.

The first difficulty in the way according to some is legal, viz, that the Municipal Act does not contemplate or allow an undertaking like the establishment of co-operative organisations. Whatever may be the difficulty in the case of the clerical and ministerial departments, the difficulty is not insuperable in the menial staffs if section 14 sub-section 2 (xi) is read in a liberal spirit as it ought to be in this connection. According to this section the Corporation "may in their discretion provide from time to time either wholly or partly for any matter which is likely to promote the public health, safety or convenience or to the carrying out of the Municipal Act."

Anything that will promote a better menial-service in the

conservancy water works, drainage, and allied departments appears to be permissile at the discretion of the Corporation: moreover the formation of a Provident Fund is permissible under the Act. The Provident Fund which is confined to certain classes of the clerical staff has considerable funds to invest which may with proper safeguards be applied in promotion of the menials' co-operative organisations if according to strict interpretation and ruling it be considered that Municipal funds cannot be applied in promoting the object. For this reason I have introduced in my resolution a clause to the effect that the proposed organisation may be taken up in connection with the Provident Fund. This ought to get over the legal difficulty, if any. And the necessary amendments in the law may be asked for in connection with the proposed partial Amendment of the Municipal Act, now that the large and more comprehensive measure has, for the time being, been abandoned.

Rai Bhadur Haridhan Dutt informs me that sometime ago the question had been taken up and certain papers in connection with it had been handed to Mr. Payne. I have not been able to see these papers and do not know what progress was made about the menials' organisation. We do know however that the principle of co-operation has been accepted and given effect to in the case of Municipal employees receiving a pay of Rs 20 and upwards which is a very solid step in advance. The ministerial organisation is outside the Corporation probably owing to the supposed legal difficulty and is run by the representatives of the staff. Such a thing is impossible in the case of illiterate, ill-informed, and badly advised menials who would not willingly co-operate. It must be done in spite of themselves to save them from themselves and in the larger interests of the City in the welfare of which they play so important a part The menials number more than ten thousand and not one organisation but many localised or departmental organisations, with some sort of regulated central management must grapple with the situation.

As to how best this can and ought to be done we must consult the co-operative department which is doing excellent work in this direction. I have no doubt that Mr. Donovan and his well organised department will be willing to help, if asked.

The question--always important-has suddenly become very

acute owing to the prevailing high prices. Disastrous strikes have been averted by the prompt action of the Chairman, the General Committee and the Corporation for which the City is grateful. Temporary increase of pay and facilities for obtaining food supplies fairly cheap have been arranged for. But they are temporary and artificial measures which will not do for all time. Permanent satisfactory measures are necessary for bettering the condition of the menial staffs and co-operative organisations alone can do this.

The Corporation might in a fit of generosity grant a substantial increase of pay to these people. Increase of pay is no doubt necessary in view of the present hard conditions of life; but unless accompanied by other measures calculated to touch the heart of the problem, increase of pay will not improve their condition. We must have recourse to something which will arrest the process of demoralisation at work amongst them, which will strengthen their moral fibre, infuse a spirit of self-help into them, and by opening out to them the prospects of an easier and more comfortable life, call forth their latent energies.

Co-operation can do all these, and if the Corporation believes, that something ought to be done to improve the lot of a class of its servants, who perform functions, essential to its very existence. and which no other class of people will do for love or for money, it behoves it to use every endeavour to create a spirit of co-operation amongst them. A co-operative society is the best field for training in co-operation and the Corporation should apply itself without further delay to starting such societies amongst its menial staff.

Of the various forms of co-operation, co-operative sale seems best suited to the conditions of the class of people under consideration. A store might be started in every district of the Corporation for those employed therein. Co-operative stores are organised on the basis of limited liability and their members have to find the required capital themselves. We can not expect to find among the sweepers of Calcutta a body of men, like the energetic pioneers of Rochdale; but we can try to train some of them up to their level. Till such men are trained up, the Corporation must take upon itself the task of running these stores and realising from each of these, whom the stores are intended to benefit, his share of the required

capital. The sweepers could not possibly pay up the share at once, but each should be required to contribute something every month from his pay for the purpose.

The Stores should sell to the members at a profit; but the prices should be lower than what obtain in the market. The Rochdale pioneers sold at the market rates; but our people will require some attraction in the shape of cheaper prices. The profits earned at the end of the year should for several years to come, be devoted to increasing the share capital. To each member should be alloted his share of the profits in proportion to his purchases during the year, in addition to the dividend on the amount paid by him for his share, but he amount allotted should not be paid to him in cash, but credited in payment of additional shares to be issued to him. In four or five years the stores, if properly run, would be self-supporting and the Corporation funds (or funds advanced by the Provident Fund) would be released. The business will have to be conducted through paid agency and Corporation supervision would continue to be necessary for a long time to come.

The establishment of Co-operative Credit among these people would be more difficult but not impracticable. Credit societies should be organised on share basis, each member taking up one or more shares of Rs. 50 to be paid in ten years or less. The object is to get those, who are in need of loans, to unite, and, by the exercise of thrift and self-help, to collect the amount required; arrangements should be made to supply them with comparatively cheap credit. Thrift in the case of men of the class of sweepers, who are in a chronic state of destitution, will effect very little. Corporation must enable them to save money in interest. pay 300 per cent. to the Kabuli. If the organisation can lend to them at 6 per cent. the saving to them would be considerable, and the share money could be paid from the savings. The members would borrow from their society which would fix the lending rate sufficiently high to leave to it a margin of profit, large enough to help in building up a substantial Reserve Fund, within a reasonable period of time. The liability of the members would be unlimited, each member and all his properties and assets would be liable for the entire amount borrowed by the society, irrespective of the amount which he might himself borrow from it.

society be properly run, in 10 years or less, the whole of its capital would be owned by its members, it would have a substantial Reserve Fund, which might be drawn upon to make good possible losses, it would be in a position to cheapen its rate of interest, and its members would be familiar with banking and get into the habit of depositing their savings in their bank.

This is a picture which might rouse the enthusiasm of philanthropists as well as hard-headed business men. But the difficulties in the way of success of Co-operative Societies among a migratory population, who have no particular attachment to Calcutta and own no properties there, and other difficulties indicated above should not be minimised. Even amongst fixed populations on a higher plane of civilization, the Co-operative Societies which have been working for a fairly long time, have not resulted in the evolution of any considerable spirit of co-operation in their members. co-operation is naturally a plant of slow growth. It would certainly require the closest supervision on the part of the Corporation and of the Department of Co-operation, continued probably through a decade or a still longer period, to make the proposed societies a success. But if we work in the right spirit, we can be fairly sure of success, and a very great object in City Administration will have been achieved and Municipal work will have been made much more smooth.

The greatest care would be necessary at the outset in the selection of members, and only those should be admitted into a society who are known to one another. It would not be possible to incorporate all in one society; such a society would be nothing better than a loan company, which is not wanted. A society comprising the employees in each district of the Corporation will it is hoped, not be impracticable.

It is just possible that the Corporation may lose a small part of its money lent to the credit societies and that some of the members will run away without paying up their loans. The members are expected to watch one another, but those who are evil minded will find it possible to elude the closest watch. In such cases it will not be always possible to enforce unlimited liability against the remaining members though under the law it can be done. But such cases are not likely to be numerous, and the loss, unless it can

be made good from the Reserve Fund, is likely to be small. The number of honest men far exceeds that of the dishonest in every walk of life, and the Municipal Sweepers are not more dishonest as a class than any other class of people.

If the establishment of a Co-operative Society for the assistants drawing more than Rs. 20, who are all literates was considered a necessity, it is a far greater necessity to organise such a society for those whose income is only Rs. 10 or Rs. 12 per month. It will not do to join the assistants and the menials in one and the same society. There is no denying the fact that these menials, labourers and workmen have to borrow and pay an exorbitant rate of interest owing to want of credit. They are now almost half fed. If they can save a portion of the interest and can spend a little more in feeding themselves, they will work all the better. With growing stakes, such as membership of a Co-operative Credit Society involves, there will be less chance of strike, slackness, etc. If such a society becomes successful and a big reserve fund grows the Corporation, or in other words, the City in future will not be unduly taxed for increase of pay and allowances.

#### DIFFICULTIES OF SUCH A SOCIETY.

- (1) Character of the menials:
  - (a) These people are illiterate—but illiteracy does not necessarily connote wilful dishonesty. Honesty is the only basis on which Co-operative institutions can be built up. These people borrow and they do certainly re-pay—although re-payment means starvation on their part. The society will be for those who want help and whom help, if granted, will redeem. The society would, of course, not be for those who are past redemption. But there are many whom a little help can and would redeem.
  - (b) The number of such people is too large to be formed into one society. This difficulty may be solved by organising four different societies to begin with at the four district offices with the same by-law, rules and regulations and all these societies being

federated into a supervisional and controlling union.

- (c) Many of them are unreliable and uncertain—but there are many who are not so and a beginning may be made with the latter. The sure benefit which these people will derive from this society will re-act on the former who in time may be expected to improve their ways. The same reply may be given to the objection that many are migratory. As each borrower will have to furnish personal sureties and will also have to subscribe shares, the chance of loss to the society on account of migrating is to a large extent minimised.
- (2) Financing the Society.

These menials having got very little credit at the market except with Kabuli and his like. Outside financiers will not perhaps be willing to invest their funds except at a very high rate of interst in a society of such menials. The present society of the Corporation is not dependent on the Municipality for its funds. It has been able to raise funds from outside on the combined credit of its members. But this will not be possible in the case of the proposed society. For this reason the Municipality will have to help. If the law does not really permit this the Provident Fund, with proper safe-guards, may be allowed to help. The wages of these menials which are their only real assets are in the hands of the Municipality—they work under the direct supervision and control of the officers of the Municipality, who quite know whom to trust and whom not. The liability of the members for the debt of the society will be unlimited. Under these circumstances it will not be insecure on the part of the Municiplity to advance money to the proposed society and monthly or weekly deductions can be made from the pay on the pay day. would be necessary whether the Municipality or the Provident Fund advances the necessary funds. No body but the Municipality would have the power to deduct. However its association with the organisation is necessary. This would involve no difficulty; the menials do even now, borrow and they do re-pay although with extreme difficulty and in doing so they get only a starving ration, which reduce their morale and their physique.

There would thus always be a reasonable chance of being recouped for the advances with interest. A great Social Service is the objective of this movement and Social Service institutions may be approached to help these societies with their funds. Sir Daniel Hamilton and others interested in the principles of this movement would be sure to be helpful. They have made the Chamars' Society, Gowalas' Society and similar organisations fairly successful.

#### RISK OF OUTSIDE LOAN.

• Experience has shown that as soon as a man becomes a member of an unlimited liability co-operative society outside money-lenders become very cautious in granting him loans. Moreover every member may be punished with expulsion and forfeiture of his shares if he borrows from outside and violates any by-law and rule. As the Society will virtually do what the grain compensation allowance or other increased temporary allowance is meant for, there may be a charge on this allowance or any other increment owing to abnormal times for the dues of the Society.

#### MANAGEMENT.

There should be on the Managing Committee superior officers of the corporation. They will be the real guiding spirit. The corporation will have to give this facility of management in addition to other facilities such as deduction of instalments from pay and office rooms and office establishment; stationery, etc

#### STORE.

Although it appears that in the case of foodstuff and other necessaries of life the difference between wholesale and retail rates is not very great, yet if with each society a store is started to supply necessaries of life only and cash loans (which are chiefly for buying such necessaries) be reasonably discouraged; the bill for the supplies may be deducted from the members' pay. This will have the double advantage of making the financiers more secure and of giving the members little chance of spending money on unnecessary and objectionable purposes.

The Municipal Corporation of Calcutta represents the wealth and culture of the second city in the Empire; it represents also, it is hoped, the spirit of the times. It can not be deaf to the plaintive cry of hundreds of the destitute and helpless, loudly appealing to it for relief; it can not be blind to the miseries of the most useful and at the same time the most degraded of it servants. When the late Mr. Gokhale's compulsory Education Bill was before the Imperial Legislatve Council the Commissioners of a neighbouring Municipality, opposed the Bill on the ground that the spread of education among the common people would diminish the supply of domestic servants. The world has under-gone a mighty change since, but' there maystill be people, whose ideas are cast in the mould of the fifteenth century, and who think, that any improvement in the condition of the sweepers would result in their taking an aversion to their present occupation and are therefore opposed to any scheme designed to achieve that purpose. But the Commissioners of the Calcutta Corporation have always been distinguished for their enlightened views, and it is hoped they will be equal to the necessities of the situation and apply the proper remedy.

# A NEW DEVELOPMENT IN PRACTICAL CO-OPERATION; IS IT THE FINAL TRIUMPH?

[By CAPTAIN J. W. PETAVEL]

# The Hon'ble Justice Sir Asutosh Mookerjee's opinion on Captain Petavel's article—

"About the desirability of carrying out some of Captain Petavel's suggestions, and perhaps the whole of them, there is but one opinion; the question is whether they are practicable financially. Sir Dorab Tata, as Captain Petavel tells us, has pronounced his proposed first step to be worth trying, and has made some very interesting suggestions about it. Clearly now it is time for economists and co-operators to study the question very carefully. I have done what I can to draw people's attention to it, by having his lectures to the University printed, and sent to every University in the Empire, and there has been none but favourable comment. I trust that the present article will find numerous readers and will set them thinking seriously at last, about the great work which lies before us."

### (Sd.) Asutosh Mookerjee.

The whole world is now living in a state of fear of social revolution, or at the very least of headlong and ill-considered social changes being forced upon it by a discontented proletariat; most people seem to be waiting in a sort of resigned spirit to see what is going to happen, hoping only that it will not be too bad, or else expressing pious hopes that co-operation may somehow do something to save the situation. Now if, whilst the world is in this attitude of fears and hopes, India would follow a lead given by some of her most prominent men, including conspicuously Sir Asutosh Mookerjee, Sir Dorab Tata, the Maharajah of Cossimbazar, Sir Dinshaw Wacha and Sir Daniel Hamilton, who is certainly one of hers at heart, she might render a service of incalculable importance in the present crisis.

First, why is there this world-wide unrest? We speak about the greed of the working classes and of the way they have been "debauched by government gold during the war," but there are two sides to the question.

It is a fact that, in the whole of history, there is nothing more heart-rending than the disappointments the working classes have had of their best hopes, through our really extraordinary failure to make good use of the enormous productive power modern progress has given us.

For centuries inventors, scientists and organisers have been labouring to improve methods and machinery of production, and inventing means of transport which allow us to bring things we want from the utmost ends of the earth, from the countries where they are to be had cheaply; so enormous has been the increase of productive power, or, in other words, the reduction of the amount of labour required to produce necessaries, that the most cautious economists agree in saying that less than one quarter of the work that was needed a century ago is enough now to produce what we want. Every year therefore, that has passed since the dawn of this wonderful era of machinery ought to have brought the workers more leisure, more comforts, and greater security of a living.

Under our present social system, however, increased productive power can do them good only in roundabout ways. The workers work for a "competition wage" determined by all sorts of factors, of which the productive power of their labour is only one, and even, as we know, increased productive power may easily depress the labour-market. Moreover, disposal of produce being a serious problem, money backing is required before new industries can be started and there is only a limited amount of money available for that purpose—of capital seeking investment—as well as a limited demand for industrial enterprise to supply, so that the process of equipping people to use new and improved methods, limited in every direction, goes on in a very halting way, and in no country are more than a small proportion of the workers working with the best equipment.

If we had only failed to use our great productive power, things would not have been so dangerous, because the workers would have

known nothing of it; but to make things as bad as they can be, to give the agitators every possible advantage in working upon the feelings of the masses, whilst we have failed to use great productive power for its natural purpose, we seem to have used it for every unworthy and antisocial one we could. We have made it first create the most inequitable division of wealth the world has ever seen then create a wonderful profusion of useless and often even worse than useless luxuries for privileged classes—throwing a little share of cheap imitations to the workers; finally, to crown everything with an irony that looks really diabolical, we have made it produce machinery of destruction in fabulous quantities to destroy men themselves and the fruits of their toil wholesale—whilst the workers remain poor.

The workers are very far even yet from realising the true facts, and that alone is giving us some respite, but we have reached a position now, the fantastic absurdity of which makes it more like fable than reality, and is causing a rapid spread of socialism among all classes and in all countries.

Not a year passes without something being invented to increase our power to obtain what we want, or to diminish the labour of obtaining it, so that things ought to be getting cheaper every year—in proportion to wages, of course—and life more secure, but there has been a constant upward tendency of prices, and life has been becoming more and more strenuous and insecure for some decades past. Our social system is no longer showing itself merely faulty, but has come to be like crazy machine that works backward instead of forwards, and whose drivers, Capital and Labour quarrelling incessantly, keep us in a state of constant fear of a final catastrophe.

The war has opened the workers' eyes to the fact as nothing has before.

As a first result of the awakening we now see them forcing up wages all over the world. But it has become plain that that will not do them very much good, for just as quickly, capitalists are learning the art of manipulating prices, and so are robbing them almost in advance of the advantages they might gain; whilst the result of these manoevres is to victimise the general public, that suffers the more from constantly increasing prices. We may

well ask what will happen when the workers realise their failure fully.

There is indeed only too good reason for the prevalent idea that it will be revolution in some form or other.

It is not a question, then, of inducing the working classes to be reasonable and quiet down, and accept the present system. The only question is how to mend it, if it is not be ended.

Everybody realises that co-operation is the remedy. The war has dispelled the old illusions about capital limiting us, and opened peoples' eyes to the fact that we can do anything if we will only "substitute the methods of co-operation and organisation for those of unlimited competition".

We have seen now that when we controlled our enormous productive power, and used it systematically, it very soon gave us war machinery in fabulous quantities; if the workshops of a country were as systematically used to produce more workshop equipment, which, as soon as it was completed, was used to produce more still, it would take a wonderfully short time for that country to have all the machinery of production that it could possibly want. Machinery is the most prolific of all creatures. A group of machines has very soon produced another group similar to itself. Live-stock is infinitely less prolific than machinery; still if a country were systematically to use its farms breeding for stock. reducing the consumption of meat for the time to the lowest possible limits, it would not be very long before it had all the cattle it needed. People have seen now that anything can be done by the "substitution of the methods of co-operation and organisation for those of unlimited competition and lack of method." Working on the co-operative system, too, the problem of disposal of produce presents no difficulty; exchange of produce is quite a simple thing then.

But this is not a time for vague generalities and statements of principles, but a time of crisis in which everyone wants to know what form of co-operation we are to have to solve our pressing problems, and what he personally can do at once towards establishing it.

The co-operators have realised for the last century what all have come to realise now. As soon indeed as the era of machinery

dawned, reformers began to call upon all thoughtful workers to leave the individualistic system, under which they could never benefit by the great increases of the productive power of their labour, and organise themselves to work on the co-operative plan. they have not yet succeeded however; why did they fail, and how can ge succeed now?

Their first idea was to form co-operative commonwealths—the co-operative system organised voluntarily; they failed however, and then state socialism arose, advocating co-operative working organised by the state, and made compulsory.

But these were both counsels of perfection, and naturally have proved impossible in this world of imperfections and compromises, so what interests the practical reformer is not co-operative commonwealths or socialism, but the present plan of the co-operators, which is being carried out. Why has it not solved the problem yet?

To re-state it very briefly, the plan is to have, first co-operative shops, and so to secure at once the profits of trading, of distribution, to the members, then to go on to co-operative production, and produce more and nore things, and save also the profits of production; finally, when a large variety of necessaries are produced, to carry out the plan of production not mainly for sale but for the use of the producers themselves, each doing a part of the work. That is to say when the organisation became large enough, it would be possible for its regular members who wished, to pay for what they required simply by doing some work in one or other of its many branches, eliminating the money element, paying by labour for the products of labour; then the problem would be solved.

This plan seems perfect, it does not break suddenly with the existing order, but leads people step by step from the individualistic system which by itself cannot use our productive power, to the cooperative which can, each step being useful in itself and so comprehensible to all.

Up to a certain point it has been, as we know, a colossal success, but unfortunately it has stopped on the very threshhold of the developments which would have enabled it to carry out its programme. It has never succeeded in producing the essentials of life to more than a limited extent, so that it has done nothing

appreciable towards bringing about the general utilisation of our improved methods, and has not brought us within sight of the era of abundance we ought to have entered upon now, and has not even done anything appreciable towards abolishing unemployment.

The co-operators themselves explain the failure by saying that it is because they have not been able to secure the managing talent they would require to enable them to proceed with their programme of co-operative production. To state the position more precisely and usefully we should say that co-operation has developed hitherto in countries in which there are large well-organised individualistic concerns, which, by their competition, have strangled the co-operative industries in their infancy, which is as tender an age with them as with the living creature; the rank and file of co-operators not being devoted enough to support co-operative industries, at a sacrifice to themselves at first, till their managers gradually gain the necessary experience, and they begin to be realy successful.

That then is how we have failed; what are we to do now to succeed?

We have at least the consolation that the obstacle is dissolving itself. The increasing disorder of our individualistic system is causing a constantly increasing difference to occur between the price at which articles are sold and that at which they can be produced with the help of the best methods, so is paving the way for the ultimate resumption of the advance. There is also an out-flanking movement going on, in that co-operation is now spreading in less industrially advanced countries, like India, for instance, where there is not the same individualist industrial development.

But though this would, in ordinary conditions, be enough to encourage us to plod on with good heart, with the stability of our whole social system hanging in the balance, what we want toknow is whether there is anything we can do quickly.

It is not much good talking theory at any time in connection with the social question, in which the difference between theory and practice is so great that sometimes there seems hardly to be any connection between them, and talking theory in a situation like the present is very much like Nero's feat of fiddling whilst Rome was burning.

Talking of facts however, it is a fact that, whilst we have been making failures of all our attempts to establish co-operative production, this process of paving the way towards it has been going on so effectively that it has come into existence of itself, as an incidental result obtained whilst seeking another object; and it now seems clear that if only we will give it a little assistance in the direction in which it is, so to speak, bursting out of itself, we shall witness a development of co-operation that bids fair to be one of the most remarkable and most hopeful things that have ever, occurred in the history of mankind.

On the continent of Europe, farm-schools have been springing up, in which youths come near to being self-supporting by producing the main necessaries of life for themselves, whilst receiving excellent instruction. In Switzerland there is a training-farm of this kind, at Witzwil, Berne, the object of which is to reform social failures, and which is quite self-supporting, employing the most hopeless kind of labour.

Now these educational-industrial establishments are, of course, nothing but co-operative producing organisations, established for educational purposes, and successful because they are under the discipline of an educational establishment.

This therefore is what I have described "co-operative production breaking out of itself"—and it is breaking out under the irresistible pressure of all who want to make our great productive power do some real good at last for the masses.

Now how can we help?

As everybody acquainted with modern industrial methods understands, and as the Witzwil establishment proves so eloquently, it is a matter only of making these establishments large enough, of subdividing labour sufficiently, and using machinery extensively enough, and working on the co-operative principle of production for use, mainly, not mainly for sale, for them to be entirely self-supporting.

The fact is that industrial progress, by replacing both manual skill and muscular strength to an enormous extent by mechanical process, has rendered it possible, when working on a large scale, for the most unskilled workers, and even for children, take a part in the work of production, guided by a com-

paratively small proportion of experienced people and so has brought about at last the effective realisation of the dream of educationalists of earning whilst learning, and this is of the very greatest importance for co-operation and for education.

It means that progress has rendered possible a system of education that can give a thorough character-training, the most important thing, by far, in the whole of education; and the only one by which we can ever hope to give children the combined training, character physical and mental, which, if begun early enough, and continued to adolesence, can make every normal child grow up strong in body, energetic in character and active in mind and trained to earn a living. It can be salvation to the children of the working class population of Great Britain, the great majority of whom live in towns. Farm-schools would enable them to have frequent and long spells in the country, getting country air and wholesome food. It is the system also that can regenerate India, as it can train the rising generation in such a manner that it will not go on in the ignorance and fatalistic content with poor conditions which is the greatest obstacle to progress; and in India we can easily make popular education self-supporting in this way; which would of course solve incidentally the great problem of abundant employment for the middle-classes.

Let us be quite clear on this point as self-supporting education is the lever that can set co-operation going again.

The great difficulty hitherto in the way of self-supporting education has been removed. It was that labour has to be subdivided and specialised to make it economically useful, and then it becomes of small educational value. But, with the machinery and methods we possess now and with the very great advantage of the co-operative system of production for use, owing to the reason just mentioned, boys would have to set apart only a very small portion of their day, in a large and efficient organisation, to produce the equivalent of what their wages could buy or, their labour could be worth working at home, under primitive conditions. The old objection is thus removed, and owing also to the enormous increase of the productive power of labour, it would not be necessary now to take the boys away from their home, even at the start, for more than short periods in rotation and later perhaps not at all. In any case

this would not have to be done until they reached a suitable age. The system, therefore, can go on now from special applications to more and more general application, industrial as well as agricultural, and will undoubtedly revolutionise education.

Now co-operative production applied to education is successful for the simple reason that an educational establishment can wait patiently for economic success. Patience at first, till experience is gained, is the one thing co-operative producation needs.

To use another simile, therefore, this is a bridge to carry cooperation over the obstacle that is now stopping it.

Now how can the co-operators help? The answer to that question is very clear indeed. The co-operator is the engineer who is wanted for the proper building of this bridge. The educationalist will ask how he is to get the money for educational establishments that require not only desks and books, but workshop and farm equipment and commercial managers. The co-operator will answer that he will make them succeed as co-operative industries, so that they will be financed as such and not endowed as schools.

The co-operator understands the situation exactly, and what has to be done. He knows that as Rome was not built in a day, neither will a co-operative organisation be, in this form or any other. He knows his programme and will see at once that it must be carried out from start to finish—only this time he will have to work with the most hopeful of all classes the educated young people, instead of the most unpromising, the uneducated adults he has had to work with hitherto.

We must always start by organising co-operative distribution. When we have the college and school co-operative distributive organisation, we shall be able to go on step by step to school industries, following just the old programme of the co-operators; self-supporting educational establishments being the final stage.

We see, therefore, that there never was a situation clearer than that with which we are faced to-day, or one that offers a simpler and more entirely satisfactory answer to the great question of what we are to do. Industrial progress has rendered it possible now to organise co-operation with the most hopeful of all classes instead of the most unpromising. In doing so we shall confer immediately priceless benefits to education which people have not

seen their way to giving in any other manner. We shall solve in India two very important problems. We shall give young men an opportunity at once to earn commercially whilst learning, and to learn commerce practically; and, what is of great importance in India, we shall do both these things in such ways as to give a very least possible offence to prejudices.\* Whilst giving immediate relief we shall be leading direct to the solution of our whole problem, setting co-operation going forward again.

It is quite obvious that the kind of co-operative organisation we should have for education would also be extremely important at once as an industrial organisation pure and simple. It would be new industry producing the main necessaries of life, paying its workers in kind, and it might also pay shareholders practically in kind. Such industries might produce an ever increasing variety of articles as they grew, and develop thus to any extent as industries. As such they would be the combination of the co-operative system of production with the individualistic system of managing, combining the advantages of both.

There is every reason to believe, therefore, that these estabishments would show the right lines for industrial development to go on; the matter is certainly worth the most careful consideration before India adopts the industrial system of the West which has been socially a failure in the West<sup>†</sup>

But, once more, facts alone count in this domain, the obvious and the hopeful things are not those we say people ought to see and do, but those we find they actually do see and are inclined to do.

Do they actually see all this and will they help?

The answer is most emphatically yes.

India's great educationalist, Sir Asutosh Mookerjee, saw at once the particular advantages to India of the industrial developments that have now made self-supporting education possible. He gave the matter lengthy consideration and finally, on his initiative, Calcutta University has established a fund to meet the expenses

<sup>\*</sup>For information I must refer the reader to the publications of the Indian Polytechnic Association.

<sup>†</sup>For details the reader must be referred to the publications of the Calcutta University Poverty Problem Study Fund.

of lectures and of the publication of literature on this plan of progress, and to award prizes to students showing efficient knowledge of it, at the conclusion of a series of lectures to be given to the University. India's great practical economist, Sir Dinshaw Wacha in a remarkable letter, that has now been published by Calcutta University, said that the University by this action had "lit up a light that would by and by illumine the whole horizon". Before even the University had taken this action, the Maharajah of Cossimbazar, seeing what self-supporting education could do to give the kind of training that is needed in India, had financed the Cossimbazar Polytechnic Institute, which he founded to become a first step, leading towards self-supporting education in India. The school has grown rapidly and the Corporation of Calcutta, and soon after it the Education Department of Bengal came forward with liberal grants to it. Now Maharajah Cossimbazar has just given another lac for the development of the school industries, and the Government of India has promised substantial help.

The writer of this article is able to say that he made an equally successful appeal to Indian merchants on the commercial side. He started the Indian Polytechnic Association to organise cooperation among the junior population, with the objects mentioned above, and also to help those who have had training to earn. Sir Dorab Tata, Sir Dinshaw Wacha, Rajah Rishikesh Law, Mr. M. N. Mehta and a number of leading merchants in Bombay and Calcutta have helped, and latterly also a number of leading British merchants. Sir Daniel Hamilton has actually started co-operative stores in some Calcutta Colleges.

Ex oriente lux et occidente lex has been stated as the respective vocations of the East and West, and there is no doubt that the East has a power which the West lacks in a singular way of seeing the simplicity of a thing that it is simple, and of understanding the old truth that the greatest results come commonly from the very simplest causes; and that faculty alone may justify the words Ex oriente lux. The present situation gives a rare occasion for the exercise of this faculty.

The occasions on which the East has helped the West have been few in number, but the services it has rendered have been of the very highest order, and incomparably of the greatest

importance. The author of this article seeing that this should be of them, came to India with the idea of seeking help to start selfsupporting education, which, if established in this country would soon spread to others. So far, then, he has had the strongest reasons to congratulate himself on having come; and if people of India will follow their great leaders, co-operation in colleges and schools will extend rapily, and then, backed by such an intellectual giant as Sir Asutosh Mookerjee, and financed by such a munificent patron as the Maharajah of Cossimbazar, it is impossible to assign limits to the enormous good that we have every reason to hope will result, to India directly, and indirectly to the whole world, simply from the establishment of co-operation among the junior population. It is also India's safe way to political progress, for, as the co-operators have aways understood, no country that is really advanced economically and educationally will ever be politically backward.

# THE KABULI AND HIS ANTI-CO-OPERATIVE METHODS —THE OTHER SIDE OF THE SHIELD

#### [By RAI SHAHIB TARAK NATH MAITRA]

To co-operators the Kabuli is naturally an eyesore. He practises and lives by usury and zulum, he promotes and fosters, nay, trades, upon reckless credit. All these factors tend to bring about results for the very reverse of which co-operators have been directing their humble efforts I think it is the bounden duty of all co-operators to fight against the Kabuli nuisance; several good results they have been trying to bring about are certainly being defeated and delayed by the counter-move of the inexorable Kabuli. The disappearance of the Kabulis will, therefore, be a relief to co-operators more than to any other class of people.

The average people variously known as the Kabuli and the Kabuliwala belong to the lowest stratum of the Afgan Society, they form the dreg of the society of a country occupying a considerably lower place in civilisation than In physical power and brute-force he has perhaps hardly an equal on earth. Relying on these assets he trades on the simplicity, ignorance and the good natured confidence of the Bengal Rayat—who is decidedly his inferior in bodily strength. Our familiar Bengali peasant Kangali's next door neighbour Jagannath Saha who owns the village grocery will be hesitating to give him credit for three rupees, but behold, the stalwart from across the Hindukush readily giving him credit for twenty without the least hesitation! The poor Rayat is naturally a bit improvident and cannot look to the future reckoning day when he will be compelled to pay his inexorable and merciless creditor to a cowree anyhow. This method of granting credit promotes a spirit of improvidence and thriftlessness results quite the reverse of those for the attainment of which humble endeavours of the co-operator are being directed. The price he has to pay for a second-hand European coat or for a jute-woven winter wrapper to the Kabuli is between three to five times its legitimate price. But what cares poor Kangali for all that, so long as the bargain serves to meet his present real or created want? During the period of sale the parapharnalia of the Avater of Jabardastism is his bundle of clotn made more attractive by a smiling face. But behold him next time,

accompanied by one or two of his country-men with a square money-bag slung round his chest and bearing in his hand a thick bamboo club seven feet long. Instead of a smile he now assumes a look of anger and vexation. He sits *Dhurna* at the Rayats' cottage repeatedly demanding his dues. Poor Kangali has no money to pay—he goes to the mahajon for a loan—he cannot pledge the trash he had purchased about a month or two ago, for that has certainly worn out and got torn in shreds by this time. He implores the Kabuli for a week's time. That being refused with the brandishment of the inevitable *lathi*, poor Kangali is at his wit's end. As a last alternative poor Kangali implores for the next morning for the payment though really not knowing how to do so. The inexorable Kabuli rests his head on his *lathi* and shuts his eyes, for he thus dramatically acts sleep in the night asked for by the trembling debtor. Forthwith he opens his eyes and says, the night has now dawned and it is the promised morning. So, poor Kangali, you must pay just now and be true to your own promises or you are done for!

There is now no alternative left for the poor Rayat but to try to pay anyhow. Meanwhile, his thatched roofs are being battered with the Kabuli's lathi and all sorts of vulgar epithets are being flung towards both the male and the female members of the poor ravat's family. The present writer heard the following story of the heroism of a Bengali woman in village D. close to the moffasil town of P. with feelings of real gratification. In this case, the husband of the woman feeling himself unable to meet the Kabuli's demands, kept away from his cottage. It was close on the evening. And there came the inexorable Kabuti with his peremptory demands and the inevitable lathi. Not finding the debtor at home he began to demand money from his wife. As she was shrinking back from a feeling of modesty, the Kabuli proposed to enter her hut making an indescent proposal standing below the plinth of the hut and all the while battering the roof of the hut with the fearful lathi. The impatient Kabuli demanded instant payment and in default dishonour the woman. And, a very plucky course she adopted to save her konour. When the inexorable Kabuli was about to enter her room, she, assuming a calm and smiling countenance asked her unwelcome guest to wait a few minutes to enable her to light her small kerosine lamp. She brought the bottle containing kerosine oil and a lamp and a match box on the edge of the verandah and instantly lighting up the lamp she threw the contents of the bottle and the lighted lamp on the baggy trousers of her husband's satanic creditor and as a result the man getting burnt rushed down to the water of the adjacent ditch to put out the fire. To

such an extent does the Kabuli go. To save himself from dishonour and trouble the helpless Rayat has no other alternative than to go to the village mahajan perhaps almost the equal of the first creditor and there often stipulating interest the rate of which varies from 100 to 200 per cent. sometimes more, tries to avert a present trouble only to court a greater one in the future.

The lathi being the most efficient weapon succeeds in gaining its object in about eighty per cent. of cases. But what about the remaining twenty per cent? Well have we not the Indian Civil Courts for this? The present , writer, being a muffussil legal practitioner for about a quarter of a century has some first-hand knowledge of the methods adopted by the Kabuli for realising his dues through the law courts. To avoid payment of court-fees and process-fees and pleaders' fees in each case separately and perhaps also to make the realization of his dues easier by making Ram liable for the debts of Syam, he implicates ten to fifteen people in one suit claiming joint liability between persons who never before the Kabuli's litigation know each other even by name. The claim is inflated twice or thrice the already exorbitant price demanded. Summons is taken out and two or three Kabulis go with the Court peon sometimes bribing him for bringing additional pressure on the ignorant Rayat The poor Rayat is at his wit's end again, and cannot pay. His friends and relations are now threatened with similar suits if they will not influence the trembling defendant to pay. That being impossible, these friends and relations between themselves have often from their own pockets to pay the money to save trouble. But sometimes it happens that some hold soul among the docile Bengali Rayat manages to gather courage and contest these false suits and the result is that it is dismissed. But the Kabuli wit at once rises above this situation and at once devises a means of baffling the defendant and the muffasil law court. There is the Sealdah Small Cause Court and the Calcutta Small Cause Court. There our Kabuli friends institute hundred of suits annually and as the poor Rayat in the distant moffassil never knows where Calcutta or Sealdah is, or how the people of these places are like and, specially as he has not got the means of going to Calcutta and meeting the heavy cost of litigation there, our friend the Kabuli's endeavours are at last crowned with success. If a census were taken of the number of such suits instituted and exparte decrees secured in the Calcutta and Sealdah Small Cause Courts by Kabulis against muffassil Rayats, it would reveal a fearful state of things.

The above is the role played by the Kabuli as a pedler and a hawker-

but he also more frequently appears in another role, that of a simple usurer and a money-lender. He is of course always true to Islamic scriptures, our freind has naturally a religious objection to the taking of interest. money is money-and it must be earned anyhow and at the same time God who is said to live in distant heaven must not be allowed to understand this breach of the scriptures. As the muffassil munsiff is outwitted by the Kabuli taking recourse to the Calcutta or the Sealdah Small Cause Courts. so God also must similarly be outwitted by a similar subterfuge. As is well-known, the Kabuli never deals in jute, rice or any other agricultural commodity. I can challenge any Bengalee to prove that he ever does. He takes a bond from the Rayats for supplying him with, say, rice or jute at I Rupee per maund where the real price is at least five. At what percentage of interest would this work out? Still the consolation is, that the Unseen Being they call God would not understand it to be interest. None is vexed with the methods of the Kabulis than the Indian Mahomedans-and the valued colleague of present writer in co-operative work-himself a devout Mahomedan—sincerely wishes for the immediate exit of the Kabulis from India at the earliest opportunity.

Th annual economic drain to Afganistan, as the result of the Kabuli's methods may be counted by lakhs. The medium for the supply of cast off and second-hand European cloths and jute-woven wrappers can be had in this country in sufficient numbers. Our Rayats would also be doing a distinct service both to themselves and to their country at large if they can supplant the Kabuli by forming supply societies for the sale of these cheap winter clothes. The co-operator has come and now his enemy the Kabuli must go.

### **CO-OPERATION IN BENGAL**

#### Conference at Memari.

To popularise co-operation in the district of Burdwan, Mr. Tarak Chandra Roy, the Joint-Registrar of Co-operative Societies visited the Burdwan villages with Mr. S. N. Banerji, the Circle-Officer. Mr. Roy also arranged a Co-Operative conference at Memari on Tuesday, the 22nd April last; Raja Monilal Singha Roy, Rai Nalinakshya Bose Bahadur, Mr. Probodh Chandra Chatterji (Sadar Sub-divisional officer), all the President Panchayets in Memari, Satgachia and Jamalpur thanas, and a very large number of educated villagers were present. Enthusiastic villagers from Tilcur and Guraghar, at a distance of more than twenty miles, also attended the meeting. The Raja and the Rai Bahadur proposed Mr. Birley, the District Magistrate, to the chair, and the President spoke at some length, on the advantages of co-operation. He referred to the Rowlatt Act agitation at the end of his speech and assured the villagers that the Rowlatt Act did not affect them. Babu Tarak Chandra Roy in a long but very lucid speech thoroughly explained the advantages of co-operation to the large audience who from the questions put to the speaker seemed to have understood what co-operation meant and how very advantageous it was to the poor villagers. The questions were answered by Mr. Roy, Raja Monilal Singha Roy and others. Babu Taraprosonna Mukherji thanked Mr. Birley for coming down from Burdwan in the exteremely sultry weather to preside over the Conference. Babu Asesh Kumar Banerji said that one of the best means of improving the lot of the poor cultivators was to start co-operative societies and he promised to personally help the inauguration and working of village societies. He also said that Babu Keshub Chandra Ghose and Raja Monilal Singha Ray would actively help the speaker. He said that it was fortunate for the people that officials were actively helping the establishment of co-operative societies Babu Keshub Chandra Ghose explained some of the advantages of having co-operative societies. The last three speakers pointed out that there was no political agitation among the poor illiterate villagers who were suffering too much from malaria, hook-worm disease, scarcity of drinking water, influenza, After some discussion on the advantages of co-operation the conference slowly dispersed. Mr. Surendranath Bancrji (circle officer) introduced all the President Panchayets and several other educated villagers to the District Magistrate who talked to them on co-operation and other subjects. There was much enthusiasm among the very large audience who all promised to start co-operative societies in their villages.

### 2. Prevention of Malaria and Co-operation.

The local government of England boasts of a most perfected sanitary organisation in the world, by the help of which it has been able to successfully withstand the inroads of the epidemic diseases invading its shores; but it would have remained in the most rudimentary state—no better than that prevailing in backward countries, had it not been for the whole-hearted support and co-operation, it has received from time to time from the independent medical profession. This has been exhaustively and clearly shown by Dr. C. A. Bentley in his paper on the evolution of sanitary organisation in England and India, read the other day at the Calcutta Medical Club. In this, he has shown that some 3 or 4 decades ago, the condition of London and other cities of England was no better than that prevailing here—malaria and other epidemic diseases used to take away numerous lives—the power to deal with sanitary matters was centralised as much as possible.

It was not till the public headed by the medical profession took interest and co-operated with the government, that real improvement took place.

Judging from analogy, we have every justification for believing that a similar stage in the evolution of the sanitary condition of our country is coming over, as we hear of the birth of a society in this country, under the name of the Central Co-operative Anti-malarial Society, Ltd., founded to fight with malaria.

Among its members and contributors to its funds are such eminent men as Sir Kaliash Chandra Bose, Kt., Sir Nil Ratan Sarkar Kt., Dr. C. A. Bentley, Sanitary Commissioner for Bengal. Sir Deb Prosad Sarvadhikari Kt., Dr. Suresh Chandra Sarvadhikari, Hon'ble P. C. Mitter and others.

The society has been laid on a solid foundation, by its being incorporated within the Co-operative Society so that the finance, of the society will be supervised and audited by government officers of the Society. The aim of the organization is to prevent malaria—for this, a plan of work has been laid out, whose main feature is that it makes provision for obtaining the co-operation of the whole people, be he an individual rich or poor, be he a todusman or villager. The way in which this laudable aim is to be carried out is as follows:

#### How the Societies are to work.

The whole organization is divided into two parts—one the central society situated in Calcutta, the other, the rural societies situated in the malaria-stricken villages. For sake of clearness, the latter is described here first, as on it falls the actual carrying out of anti-malarial measures. Each such society is run by voluntary contributions from the villagers, who become members on paying a quarterly contribution of Rs. 3. Out of the total collection, a portion (70 p. c.) is paid to a medical officer of the society who is ordinarily the local practitioner of the village in which the society is situated. The medical officer in consideration of the contribution paid to him sees the

families of the members free of charge at hours determined in consultation between the members and the doctor. On account of this inducement of free medical attendance, the regular payment of subscription by the members is assured—a matter of vital importance for the existence of the society. The balance is spent in antimalarial measures—these being carried by the secretary of the society. The society is registered under the Co-operative Registration Act so that an efficient system of supervision of its finance, as we have said, by the Inspector of Co-operative Credit Societies is assured. Three such societies are already in existence which have a working experience of nearly 15 months to their credit. These are situated in Panihaty, Sukcher and Sodepur. They spent on an aggregate during this period a sum of Rs. 2000, Rs. 1200 on medical attendance, Rs. 450 on Sanitation, Rs. 350 being deposited in bank.

To run those rural societies, to finance them and to supervise their working a central society has been formed. The president of the society is Sir Kailash Chandra Bose. The proposed fund of the society is 2 lacs, of which Rs. 20,000 has to be collected, before it can start its work, the society has divided its fund into 20,000 shares, of Rs. 5 each, any one buying a share and paying Rs. 6 yearly as contribution, will be enrolled as a member. The society is prepared to receive any donation from any philanthropic gentleman for the furtherance of its aim. We appeal to those who have surplus money to contribute liberally to the funds of the society formed with so noble an intention. To dole out alms to the needy is a laudable act of charity, which benefits only the receiver, but to help a bread-winner to free himself from the clutches of the terrible scourge of malaria, is saving a whole family from ruin.—Hindu Patriot

# AGRICULTURE IN BENGAL

The following resolution dealing with certain aspects of the organisation and policy of the Agricultural Department in Bengal has been issued:—

THE NEED FOR PRIVATE EFFORT.—As it is desirable to place the public in possession of the intentions and policy of the Agricultural Department in the Agricultural development of the Bengal Presidency the Governor in Council deems it advisable to explain in some detail certain aspects of the organisation of the Department, together with some suggestions derived from the experience of other countries as to how the people suggestions derived from the experience of other countries as to how the people can best benefit from its activities.

The two main branches of the Department are the research and demonstration branches. It is, however, clear that the activities of the Department in respect of the demonstration of the results of the investigations of the research branch cannot be expected to reach more than a fringe of the agricultural population without the help of the public. On the one hand, the extent of such activities is conditioned by financial considerations; on the other hand, any development of the kind is of no avail if the people are not ready or cannot arrange to take advantage of it. Individually the agriculturist is ready; experience in this country has shown that if he can see with his own eyes the value of an improvement, he will adopt it. But if all are to benefit, experience in other countries shows that the agriculturists must meet Government half-way in the matter. It has been found to test and adjudicate on suggested improvements, to discuss their successes and failures with each other and to bring their needs to the notice of the Agricultural Department, then not only is the practical problem of how to reach the whole agricultural population solved, but there is hardly any limit to advancement in the direction of improved production, economic distribution improvement of breed, and indeed in all mental and moral development. In the words of an American professor of Political Economy, Dr. J. A. Ryan, "The transformation in the rural life of more than one European community through co-operation has amounted to little less than a revolution. standards of agricultural products and production have been set up and maintained, better methods of farming have been inculcated and enforced, and the whole social, moral and civil life of the people has been raised to a higher level. From the view-piont of material gain, the chief benefits of agricultural co-operation have been the elimination of unnecessary middlemen, and the economies of buying in large quantities, and selling in the best markets, and employing the most efficient implements."

An essential condition, however, for the success of such associations is that they should be conducted on the basis of self-help. It is desirable for Government to assist such associations by teaching and exercising close control; but interference with their management or the grant of pecuniary aid by Government impairs the fundamental principle of self-reliance.

AGRICULTURAL ASSOCIATIONS.—What precise form private effort should take in Bengal, it is perhaps too early to prophesy. But undoubtedly there is every reason to believe, from the experience gained in other countries, that the formation of small agricultural associations should prove successful, whether as simple associations formed for the purpose mentioned in the preceding paragraph, or as co-operative •societies dealing with the purchase of seeds and implements or with the distribution of agricultural produce. There is probably room for associations combining one or more of these functions. Apart from foreign experience and experience in other provinces in India, there is also the definite fact that such simple associations, serving thanas, or even smaller areas, have met with marked success in the district of Birbhum in the Bengal Presidency. the co-operation of official organisation and private effort of this nature not only will the successes obtained by experiment be brought to fruition in the interior, but Government will be furnished with a first-hand agency for ascertaining the real needs and the wishes of the agricultural population. His Excellency in Council hopes, therefore, to see a further extension of this experiment throughout the province, particularly in districts in which demonstration farms already exist or are about to be established, as it is in those districts that the Agricultural Department can give the most help. The formation of such associations rests, however, with the public, and they will only be successful if they are financed and managed by the people. principle accepted as essential by the Board of Agriculture in India, at their seventh meeting in 1911, was that those who are associated should all be agriculturists, really interested in local agricultural improvement. The officers of the Departments of Agriculture and Co-operative Societies will be ready at all times with their advice and counsel.

FUNCTION OF EXISTING ASSOCIATIONS.—The extension of such small into effect, will inevitably associations, if carried alterations in the functions of the existing provincial, district and divisional agricultural associations. The district associations may, for example, find, as time goes on, that their executive functions are being gradually absorbed by the working village societies. For the present, they may find that their duties are devoted to the organisation of such societies. The development will of necessity be a gradual process, and the present associations will doubtless adapt themselves to changing circumstances or give way to a different organisation if they cease to satisfy a real need.

The divisional associations, in particular, may not be required, while

experience may show that the functions at present discharged by the provincial association can be more effectively performed by the new Board of the Agricultural Department which has been created.

DEMONSTRATIONS AND SEED FARMS.—The research work of the Department, or, more properly speaking, the investigation work, is mainly conducted at the Dacca Agricultural Station, which is the headquarters of the chemical, botanical and fibre sections, while there is a smaller investigation centre in West Bengal at Chinsura. At these centers problems of practical utility to Bengal agriculturists are investigated, such as the production of improved rice, jute and sugarcane, the suitability of various fertilizers, the prevention of insect pests and so on; and not, as there is a tendency in some quarters to believe, research work of a purely academic interest. For the purpose of testing the results obtained at these research stations and demonstrating their value, smaller stations or farms have been established at Rajshahi and Rangpur. Private farms at Burdwan and Kalimpong are also managed by the Department. The utility of these stations has been fully proved and the necessity for small farms in every district accentuated owing to the success attained in the plant-breeding sections of the Department. It has thus become necessary to arrange for the establishment of a demonastration and seed form in each district, for the dual purpose of adjusting the results of scientific investigations at the central research stations to local conditions and of taking up the study of purely local problems. Each farm will form a centre for the demonstration of such items as have been found by actual tests to be suited to local conditions. A programme is, therefore, under contemplation for gradually providing every district in Bengal with a demonstration and seed farm as soon as practicable, whilst official sanction has already been accorded to the establishment of such farms at Mymensingh, Bogra and Comilla.

In view of the popular interest in agriculture, it has also been considered desirable to enlist the interest of the District Boards by requesting them to co-operate in the establishment, maintenance and management of the farms, subject to the professional control of the Agricultural Department. In the view of His Excellency in Council the forms which the assistance from District Boards may legitimately take are as follows:—(1) Provision of land or of money towards the acquisition of the land or towards the necessary buildings. (2) Provision for the whole or a portion of the recurring expenditure on a farm. The Governor in Council holds that District Boards should possess voice in the management of the farms to the extent to which they contribute, subject to the professional control of the Department. Certain District Boards have already agreed to co-operate on these lines.

DEMONSTRATORS.—For the purpose of advertising the results obtained at the central research stations and on these forms and in advising the small agricultural associations which are expected to come into being, definite circles, such as the area of a police station are necessary for demonstration work in charge of demonstrators working under the supervision of agricultural officers. Twenty-six district agricultural officers, i.e., one for one district in the Presidency, have now been sanctioned; five additional agricultural officers have also been appointed for special work; and there are at present altogether 79 demonstrators. It is contemplated that, with the completion of the programme for the construction of farms and multiplication of small agricultural associations, the number of these demonstrators will be gradually but largely increased, until there is one for each police station in Bengal.

SEED-STORES.—Experience in Bengal has shown that the immediate result of successful demonstration at any of the farms already in existence is a de-\* mand for improved agricultural appliances, and for seed of a new crop or of a new variety of crop. In fact, agricultural improvement in India necessitates in nearly every case the use of some new things, whether it be seeds, fertilizers, implements or insecticides. This is exemplified by the insistent and growing demand for seed-stores in those districts where seed of a new crop variety has been issued. One seed-store will not be sufficient in a district but seedstores should be established also at every sub-divisional head-quarters and at all demonstration centres. To produce the best result such seed-stores should, however, be established and maintained by such bodies as agricultural associations or co-operative societies or local authorities. It is not therefore, the policy of Government to establish and maintain such seedstores themselves for areas smaller than a subdivision. Not only would this involve too large a commercial undertaking for a Government—where attempted in other countries, it has ultimately been abandoned for this reason-but it would involve too great an encroachment on the sphere of private effort. There are already 30 stores in existence, under the auspices of Government, and 71 are being created under local organisations.

General Policy.—By the continuance of investigation for practical ends at the central farms, by the creation of demonstration farms in every district and seed-stores in every sub-division, by the appointment of a staff of agricultural officers and demonstrators in sufficient numbers to aid District Officers and the Department on the one hand, and the agriculturists, either individually or in association, on the other, the Bengal Government are being aiming at the solution of the two problems which the Agricultural adviser to the Government of India has declared to dominate the whole situation: the first is the provision of the best obtainable seed for any type of agricultural produce, and the second the creation of an agency for its distribution.

### CORRESPONDENCE

[We do not hold ourselves responsible for the opinions of our correspondent.]

### A Defence of the Mahajan.

To

THE EDITOR.

The Bengal, Bihar and Orissa Co-operative Journal.

SIR,

The slow progress of Co-operative Societies in India has filled many with disappointment,—not that the Societies are not increasing in number, but that the spirit of co-operation is not gaining ground. Yet ours is the land of the caste, the village community and the joint family,—which are all Co-operative institutions; and if such institutions of immemorial standing communicate their spirit to the race, we might be regarded as born with the instinct of Co-operation. Undeniably, there is the instinct: then that prevents the success of the societies? My answer is that, intellectually at least, we are still a living race and as such can not adopt without modification a creation of foreign minds, meant to meet the requirements of a land which resembles ours in nothing,—whether in the soil, the climate, the teaching, the seeking, or the status. Hence if racial instinct counts for anything, we shall have to Indianize the exotic and to adapt its activities to the requirements of the land; and best of all, if we can utilize some indigenous agency for its beneficial purposes. I shall strive to show that there are indigenous institutions eminently fitted for the purpose.

In spite of the perpetual stigma attaching to the name of the village Mahajan, there is another side to the picture. Whatever might be said of a blood-sucker from without, the remarks do not apply to one who being a part and parcel of the village, itself is identified with its life in good and evil. His rates of interest are high,—but not higher than his risk: he lends at all times and he lends to all, whether friendless or destitute or depraved. Not unfrequently too he is found to possess a kinder heart than he is credited with, and makes his fortune no faster than his neighbours,—with whom he and his family are tied in a thousand bonds of friendship and affection,—bonds which pervading specially the female strata of the community rob untouchableness and penury of half their sting, and establish cordial equality

in the midst of social inequality: And even in case the debtor fails to pay, these thousand bonds interpose between the decree and the execution.

The benefits of Co-operative banking, on the other hand, are accessible only to the blessed few who have either substance or character to induce others to sign for them a joint bond and makes no allowance flor the frailties of the weak, who as fellow human beings have certainly a right to live. The system naturally scares away a man of means or one who has the prospect of a good crop as joint liability, the primary essential condition of Co-operative advance, leaves his property dangerously insecure. Here it is no man of flesh and blood who makes the advance therefore also no humane consideration. The system has to allow the law to take its own course or at best shifts the burden on to the ablest of the lot-leaving him in his turn to realize his dues (from his partners) with inexorable correctness and thus creating a real and exacting money-lender in its attempt to avoid a Mahajan whose terrors are oftener imagined than real and who as a shrewd business man with a family tradition and a status to maintain in the village, can afford to offer concession not to be expected from managers of Co-operative bodies as trustees of public money.

Thus I am persuaded that it will neither be easy nor proper to oust the village Mahajan out of his field. He is the financier of the village and all its activities flow from his attitude of helpfulness: to supplant him would be to check this flow of village life. Instead of supplanting him, I would rather supplement his education and thus enable him to cope with the requirements of the day. An honest Mahajan of light and leading would make a capital President for a village Panchayat and the ideal head of a village community. It is in such a community and through such a Panchayat that I would seek to Indianize a co-operative society and realize its benefits for the Indian village. An honest and public-spirited gentleman with funds provided by the Central Bank, for purposes of village financing might be regarded as the next alternative. But I would infinitely prefer the former not only as providing a human security against the blind operation of law in case of failure of payment, but also as seeking to keep out the law altogether as is usually done in small transactions between fellow-villagers. The law in my opinion has been the direct calamity of the village life: making the villagers distrustful of each other and thereby undermining the very foundations of nationality. The Government while maintaining an attitude of neutrality should encourage—not compel—the settlement of all village disputes by these Panchayats. Thus mutual trust, being restored the rest will be easy.

The amount saved from litigation will be so much addition to the village wealth. Dharmagolas will be able to extend their operations, from store houses for surplus grains of the community to those for surplus of every kind. Education is sure to follow in the wake of peace and abundance;

and sanitation that knotty problem of Bengal—will then alone have the chance of a fair trial by joint and steady effort of the villagers.

If these are the ends kept in view by Co-operative Societies, I think they will be best attained through the *Mahajan-Panchayat* system which is an indigenous growth of the soil and as such is expected to work better than any of its foreign protoypes, however successful in other lands.

A. P. G.

## REVIEWS AND ACKNOWLEDGMENTS

In the current number of the *Bombay Co-operative Quarterly* Dr. Mann points out in an article on "The Indian Cotton Committee" how co-operative societies might assist the cotton producing industry. Like other contributions of Dr. Mann this is a very thoughtful study. Mr. Kulkarni discusses in the same number the functions and duties of the auditor in co-operative sphere. Other useful contributions are on the subject of deposits in rural societies.

In the May number of the Mysore Economic Journal there is an article on "Co-operation in Bengal 1917-18." The bold and interesting experiment in the matter of Weavers' Societies comes in for a great deal of commendation as also the milk societies about which there are great possibilities and expensive developments in this line would be very welcome for the supply of pure milk to large cities in India is one of the most important problems which awaits solution by the agricultural and co-operative departments.

In the Agricultural Journal of India for April the controversy about the true sphere of Central Banks is continued further by Mr. Abdy Collins, I. C. S. We have summarised his views elsewhere.

We also acknowledge with thanks the receipt of the Social Service Quarterly in which there are valuable articles on "Principles of Social Reconstruction." "Welfare work in Factories" and on "Women in Social Reconstruction".

#### **BUSINESS NOTICE**

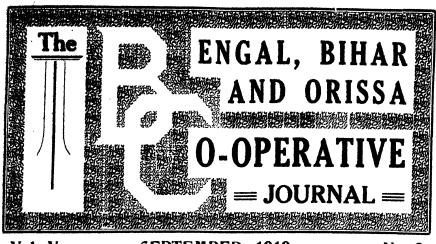
- I. The annual subscription to the Bengal, Bihar & Orissa Co-operative Journal, including postage, is rupees three only for India and six shillings net for foreign countries, payable strictly in advance. A single copy of the Journal can be had for annas eight only.
- II. The Journal will be ordinarily issued every alternate month. Short articles and correspondence on Co-operation and allied topics will be welcome. Rejected articles can be returned only if accompanied by stamped and addressed envelope.
- III. Complaints about the non-receipt of the Journal should reach the Office within 15 days of the month after the month of issue
- IV. Contributions must be written (preferably typewritten) on one side of the paper and must be accompanied by the full name and address of the writer which will be published only if the writer so directs.
- V. All remittances should be sent to Mr. N. C. Bose, Hon. Treasurer, B. C. O. Society, 6 Dacre's Lane, Calcutta.
- VI. All communications (including literary contributions meant for publication in the Journal) should be sent to Prof. P. Mukherji, Hon. Secretary, B. C. O. Society, 6, Dacre's Lane, Calcutta.
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### NOTES AND NEWS

It is no exaggeration to say that the great event of the year in the co-operative world is the appearance of Mr. Wolff's "Cooperation in India." Our expectations were high when it was announced that the doyen of co-operative writers was busy working on the subject; and these expectations have been amply fulfilled. Every page of the book bears the impress of the master's touch and of the insight which came from a deep and prolonged study of Indian conditions. Incidentally we learn from the book how much Indian co-operation cwes to the inspiration, the guidance and the It was he who broached the initiation of coadvice of Mr. Wolff. operation of Indian in the official circles in London, it was he who advised Sir Charles Bernard on the introduction of co-operative credit into our country; he assisted Mr. Dupernex in his study of the system and he could well claim Mr. Dupernex as "in some sense a pupil of mine in this business." Mr. Wolff's memorandum on and criticism of Sir F. Nicholson's Report is in itself a little co-operative We saw him later still starting the idea of a Co-operative Act and then submitting the Bill prepared by the Simla Committee to luminous criticism. Further he saved Indian co-operation from the peril of excessive state aid because Mr. Dupernex's proposal "providing for a right royal endowment for widespread spoonfeeding was still before the Council;" nor was Sir F. Nicholson

averse to accepting state aid. But if all India is under great obligations to Mr. Wolff in the matter of co-operative progress, the debt which Bengal owes to him is the greatest. For it was Mr. Wolff who encouraged Mr. Gourlay, the first Registrar for Bengal, "who has done yeoman's work for the movement, and to whom the movement is to a large extent beholden for a sound foundation laid". A large review article would be required to do justice to Mr. Wolff's epoch-making work. But meanwhile we make no apology to our readers for introducing them to some of Mr. Wolff's pronouncements on current co-operative controversies.

We have heard much recently of the controversy about "the true sphere of central banks". One of Mr. Wolff's complaints against Indian Co-operative Credit in its present shape is that under it "Central Banks are employed for different purposes than those for which institutions of this kind were really designed seemingly as a permanent arrangement". He takes his stand on the principle "in responsibility decentralisation, in finance concentraion." The function of the Central Banks is to serve as balancing-stations and not to serve as instructors or to audit. himself on a rich and varied foreign experience he argues that financial institutions are not qualified for the task of tutoring, advising and supervising village societies, for the representative of the central will look at things from his own point of view and has at once different interest from those of the village bank and different rules of action On the other hand finance requires centralisation and "the trend of things is rather in the direction of Central Banks gradually losing their permanence as Provincial Banks develop and gather force. There is no permanent need to keep local societies in tutelage rather they should be trained to selfmanagement as an educative agency. To start with and on account of the prevalent illiteracy there must be leading strings but "those leading strings ought to be held with a light hand". The Central Bank is no substitute for the supervising Council and it is the local society which should be made the corner stone, the guarantee of strength and to its hands should be entrusted the task of the education of its members.

There is such a plethora of riches in this book that it is a difficult task to pick and choose. But our conferences have so often debated the question of Penal Interest that it will be interesting to our readers to see how Mr. Wolff decides the point with a master's judgment and authority. Mr. Wolff advises the Government to come in this matter to the aid of the societies. He cannot see why such penalising should have been disallowed. If the penalising is disallowed he would resort to the idea of "charging a higher rate of interest than is usual on loans in general and allowing a discount when the proper date is observed".

While discussing the progress of Co-operation in India Mr. Wolff tries to meet the criticism of Mr. Ascoli and Sir D. Hamilton as to the alleged slowness of the growth. Mr. Wolff's view is that the rate of progress and increase will be multiplied as the movement gathers momentum and force. He refers to a parallel case, the growth of the British Co-operative Union of which the societies multiplied at first only at the rate of units but of which the pace was accelerated until three and three quarter millions of members could be counted on their roll.

The first District Co-operative Conference in Bengal is going to be held at Khulna on the 14th of September, 1919, under the Presidency of Mr. Thorp, the Collector of the District. The programme of the Conference includes speeches on various aspects of the Co-operative movement, consideration of local needs and problems and distribution of B. C. O. S. medals to the Secretaries of the three best managed rural societies in the District of Khulna. The Khulna Co-operators are to be congratulated on being the pioneers in inaugurating this new mofussil propaganda work; and let us hope that Khulna with its energetic band of Co-operative workers will also be the first to establish a Branch of the B. C. O. Society. A full report of the proceedings of the Khulna Conference will be published in our next issue.

A Co-operative Society—whatever its form may be—differs from any other kind of Society in an important point, viz., that its members are—or are expected to be—actuated by the truly Co-operative spirit which is nothing but a spirit of mutual helpfulness and sympathy and an attitude of benevolent self-sacrifice and disinterested self-lessness in their relations with all Co-operators. A Co-operative society of which even a single member is lacking in this Co-operative spirit does not deserve its name. That day would be a glorious day for Bengal when it could be said that all her Co-operators were actuated by the truly Co-operative spirit!

The Bombay Provincial Co-operative Conference will be held under the Presidency of His Excellency the Governor of Bombay, at the Council Hall, Poona, on September 15th next, when about 300 delegates will attend. On the opening day it is proposed to hold a full-dress debate and to deal in full Conference with three or four subjects only of outstanding general importance. Thereafter the proceedings will be carried on in Sub-Committees. On the opening day the following gentlemen have agreed to speak—the Hon'ble Rao Bahadur Kelkar, Governor of the Central Provinces Federation on "Payment for Audit"; Mr. G. K. Devdhar, M.A., "The Co-operative Stores Movement"; Hon'ble Mr. Lallubhai Samaldas, C.I.E., on "the Future of the Central Co-operative Institute."

During the past two or three months a large number of central banks, stores and unions have been started in different parts of Bengal: others are about to be started. The most prominent among those recently started are—the Calcutta Swadeshi Cooperative Stores, Ltd., the Faridpur Co-operative Stores, Ltd. and the Nurpur Co-operative Union, Ltd. The last of these three has been started with the object of providing rural banks in every village in the Union which, by the way comprises 50 villages. A cooperative stores has also been started in connection with the Union for the sale of goods at a cheap price to the Union members. The other interesting features of the organisation are the opening of a

dispensary, an agricultural society and a night school. Facilities are also to be provided for medical help to the villagers. This is a move in the right direction and we hope that Nurpur's example will be followed by other places for in such organisations lies the sure way to progress.

We have received a copy of the Annual Report and statement of account of the Bihar and Orissa Provincial Bank, Ltd., for the year ending on the 31st of May, 1919. The working of the Bank has, we are glad to note, resulted during the year under review in a profit Rs. 23,646. The Directors have recommended a dividend of 6 p.c. on the paid up portion of Preference shares. The Directors consider the result of the working of the Bank as extremely satisfactory in spite of failure of the monsoons and general scarcity; the Directors also say—"The co-operative movement as a whole is making rapid progress in the Province as will be evident from the fact that the Bank has now 30 Central Banks to deal with as against 21 last year, and that there are over 200 society accounts as against 120 dealing directly with the Bank."

We have also received the Fourth Annual Report of the Board of Directors of the Mysore Provincial Co-operative Bank, Ltd. for the year ending on the 30th June, 1919 the net profits earned during the year together with the balance of profit brought forward from the previous year amounts to Rs. 11,925; a dividend of 6 p.c. has been declared. We are glad to note that the Bank has issued to all the affiliated societies leaflets in Kannada on the Ten Main Points of Co-operation and on the method of sanctioning and issuing loans to members.

We are glad to find from the Report of the First Travancore Co-operative Conference held in May last that Tranvancore is forging ahead in Co-operative progress The papers read at the Conference included such interesting topics as "Economies and cooperation", "Co-operative Societies and Women", "Distributive Societies," Co-operative Societies and Cottage Industry."

At a recent meeting of the Imperial Legislative Council the Hon'ble Mr. Mant introduced the Land Acquisition Act Amendment Bill. The object of the Bill was to afford registered societies within the meaning of the Co-operative Societies Act, 1912, the same facilities as companies as defined in section 3E of the Land Acquisition Act, 1894, for the compulsory acquisition of land required by them. Difficulties in securing sites for buildings are often experienced by these societies and it is desirable that they should be put on the same footing in respect of facilities for the acquisition of land as companies. Opportunity has also been taken to grant the same facilities to societies registered under the Societies Registration Act, 1860, and the necessary provision has been made in the Bill.

The following letter No. 5-198 dated the 25th August 1919 from the Post Master General, Bengal and Assam Circle to the Registrar of Co-operative Societies, Bengal, is published for the information of Bengal co-operators—

"With reference to the correspondence ending with your letter No. 329-T.C., I have the honour to say that the Director-General of Posts and Telegraphs, has decided that Co-operative Societies in Bengal may, in accordance with the explanation (2) below Rule 42(a) of the Rules for Depositors, be permitted to open separate public accounts for (1) The Reserve Fund of the Society, (2) The Reserve Fund of affiliated Societies and (3) The Ordinary Funds of the Society. Neccessary instructions may kindly be issued to the Co-operative Societies to close all public accounts opened by them for Building Fund, Sinking Fund, Inspection Fund, etc., etc."

## URBAN BANKS IN INDIA

Urban societies are meant to meet the needs of the middle classes, in particular of shop-keeping and industrial classes in the in this study a consideration of the different varieties of non-agricultural credit societies—peoples' banks, employees' societies and communal societies. It is necessary to study together these species of non-agricultural credit societies because they have common characteristics of considerable importance which distinguish them from agricultural credit societies. It is interesting to find how each one of these varities has taken advantage of local circumstances to develop itself markedly in some geographical division of India; thus, employees' societies have achieved the greatest development in Bengal; peoples' banks have flourished most in Bombay, Deccan and Madras, while caste societies have manifested their strength chiefly on the eastern coast. This is the state of things at present but it is safe to prophesy that the near future India might witness a general growth of employees' societies, and that these societies will lead the way in the development of urban co-operation.

It is not meant by this that we should be content with a considerable development of employees' societies; the true harvest of benefits from urban co-operation will not be reaped until the country is covered by a wide spread organisation of large and small peoples' banks in the true sense of the term. But, as it is, employees' societies possess special advantages as regards formation, working and combination.

We know the great achievements of urban co-operation in foreign countries where it has assisted commerce and industry and even agriculture, and has set up great financial institutions which

\*[This contains the substance of a lecture delivered by Prof. J. C. Coyajee at a meeting held under the auspices of the B. C. O. Society at the Calcutta University Institute Hall on the 21st of August, 1919 under the presidency of the Hon'ble Sir D. P. Sarvadhikary.]

perform a considerable part of the banking work of the countries. But, perhaps, no other country stands in such great need of urban The slow and halting growth of joint stock banks as India. banking in India has left large areas of the country vacant in which urban banks can introduce financial facilities. The Maclagan Committee observes that "recent experiences in Northern India have shown the dangers of the policy under which Government allowed banking institutions to spring up and carry on business under a control so light as to be almost nominal, but we think that urban credit societies might serve a useful purpose in training the upper and middle urban classes to understand ordinary banking principles.....Where joint stock banking facilities are absent they might fulfil a useful purpose, and we see advantages in encouraging their formation." The recent Indian Industrial Commission has shown that, outside the presidency towns, Indian capital is unorganized and that the smaller businessmen and industrialists find very great difficulties in obtaining financial facilities. banks can serve an important purpose in organising capital in our cities as well as in the mofussil towns, and they can do for the small industrialists and businessmen what rural societies have done for the agricultural classes. There are many small scale industries which India yet possesses but which might die out without the financial help which urban banks might afford; such industries can be rendered prosperous if managed by co-operative industrial societies backed up by urban banks. These banks might also be of great use in increasing the prosperity of the industrial proletariat which India is evolving. Finally, there are the great problems of bringing out and of utilising hoarded wealth, of reducing the wasteful use of metallic money and of accustoming people in India to the use of credit and notes—problems the solution of which cannot be achieved until an urban bank system is fully developed. representatives of the Indian Exchange Banks admitted before the Chamberlain Commission that the Institution which they represented could not deal with the problem of hoarded wealth. Great as has been the work of urban societies in Europe, India presents to these institutions a field of far greater possible achievements and utility.

Before proceeding to study separately the different varieties

of non-agricultural credit societies we might with advantage classify them under their main heads.

- (I) Peoples' banks of the Schulze Delitzsch type, of which the membership is constituted from among those resident within a given town. They might be divided into two classes—the larger institutions and the smaller ones. The bond of propinquity of residence is common to both these groups; but the larger institutions with their ampler resources aim not only at meeting the needs of their immediate clientele but also at financing other societies in the neighbourhood.
- (II) Employees' Societies—These might be sub-divided into:—
- (1) Societies of Government employees. This is an important class with distinguishing features of its own, and consists of—
  - (a) Societies which admit to membership all classes of Government servants living in a particular area.
  - (b) Societies confined to men employed in a single office or department
- (2) Societies of which the membership consists of the employees of private firms.
- (III) Communal Societies—Here the co-operative nexus is the common feeling amongst men belonging to the same community. They comprise—
  - (1) Caste societies.
- (2) Societies with some religious persuasion as the basis of union.

The larger peoples' banks serve the double purpose of financing their own clintele as well as rural and other societies in the neighbourhood. Their rise has been greatly assisted in India by the paucity of the branches of the joint-stock banks. As the Bombay Registrar observes: "The success of this type of society in many places has been remarkable. Throughout the southern and central divisions there are practically no joint-stock banks at work and it is by no means easy for artisans and middle-class people to secure loans when they require them on reasonable terms or to find institutions in which they can deposit their savings with safety." When discussing the great success of the Toungoo and

Nyaunglebin urban societies, the Registrar of Burma remarks in the same strain that "what is necessary is branches of joint-stock Many districts have no satisfactory depositories for the money of the wealthier classes of traders during the slack season." It is remarkable that while in Europe the existence and strength of joint-stock banks have assisted the growth of peoples' banks in India, the rise of urban banks has been helped on by the comparative absence of ordinary banks. Moreover, the failure of swadeshi anks has at once popularised our peoples' banks and has left them without rivals. This peculiarity of environment while favouring the growth of our urban banks exposes them also to certain dangers. They have been tempted to approximate their methods and aims of the ordinary banks and indeed to try to convert themselves into joint-stock banks. Want of competition has sometimes permitted an undue extension of membership and area of operations. undue advantage has not been taken of such opportunities is due to proper supervision from the headquarters. The great majority of our peoples' banks have done their work very well indeed. Among those which have achieved special distinction might be mentioned the Gadag-Betigeri Bank and the Hubli and Dharwar Urban Societies on the Bombay side. Alike in the growth of capital resources and membership and in the conduct of their business by committees, these banks have built up high traditions. considerable proportion of the capital is derived from the members, and in some cases as much as 50 per cent. of the profits have been carried to the reserved fund. Some of them like the Satara Urban are financing groups of agriculturists in their neighbourhood in the hope of ultimately converting them into separate registered societies. On Bengal side the development of peoples' banks is smaller; yet there are examples of successful institutions of that type. Thus, the Jalpaiguri Urban Bank has been very successful and has not only financed a number of neighbouring agricultural societies but has resisted the formation of a central co-operative bank in order that it might expand this business. In Burma the example set by the Nyaunglebin Urban Society has roused considerable interest in the growth of urban banks, and a number of such institutions have been projected for various towns,

Employees' societies combine a number of features which

conduce to soundness of management and to the development of the true co-operative spirit. Thus, in the first place, they consist of homogeneous groups of men in a similar occupation and station in life. Persons who are constantly in contact with each other in their daily work, and who have the tradition of common employment, are very good material for co-operative work. further advantage in the case of such societies that great encouragement could be given to the movement by the employers or official superiors. Moreover, in these societies the procedure of the deduction of dues from the incomes of members can be carried out with the greatest facility. Finally, the employees' class—at least that class of employee who are working in Government and private offices—can be said to be that class in India which has most perfectly developed its economic characteristics as distinguished from other sections of the middle class which are yet in a state of transition.

It cannot be deried that from the purely co-operative point of view there are drawbacks to the undoubtedly great utility of employees' societies. There is not much moral force in them; compulsory recovery has not the moral effect of voluntary repayment. The Committee itself cannot be called truly co-operative because many of the members are officially subordinate one to the other and cannot meet and discuss matters on equal terms. The head of the office runs the institution under his own authority to a large extent, and may even use the society as a method of enforcing and checking strikes.

In India, caste is a particularly strong unifying force and it has been applied successfully in the service of co-operation. On the Bombay side an outstanding example of successful work is the Shamrao Vithal Society for the Saraswat Brahmins which has every year continued to surpass its own record util its "remarkably good management has set up a standard which it will be very difficult for any of its rivals to surpass." The introduction of a cash credit system for the use of businessmen, the inauguration of an educational fund from the profits, and the issue of debenture stock for redeeming the mortgage debts of the members are additional features showing what co-operation based on caste can do for the good of its members. The Society has also demonstrated

the value of caste as a vehicle of co-operation by starting a number of branches in different centres which might ultimately become independent urban banks. It is quite possible that a number of urban banks belonging to the same caste might combine to form a central urban bank for the purposes of finance by propaganda. Finally, the success of the banks formed by Saraswats has aroused emulation in other castes, and the Bhavsar Kshatriyas, the Devrukh Brahmins, the Reddis, the Poona Shimpis and others are trying with excellent results to emulate the Saraswats and to spread the urban bank movement. There is hardly an instance on record of a badly managed caste society. Looking to such unvarying success of caste societies on Bombay side it might be suggested that other provinces should start energetic propaganda on the line of caste—an institution which can evoke the greatest possible amount of devotion and energy in India.

It cannot be said that the urban co-operative system of India has made anything like the progress that it might be expected to have made; its rate of progress might be called small even when compared with that of rural co-operation in India. As Mr. Wolff says, "what so-called 'urban' credit societies there are-and their number is small are in the main composed of civil servants, commercial or industrial employees; or else very small artisans, principally weavers but also scavengers, ekka drivers and the like." The reason for this state of things is that attention was concentrated on rural co-operation hitherto; but there are signs now that the progress of urban co-operation is about to be expedited. appointment in Burma of a Special Assistant Registrar for the development of the urban side of co-operation is a welcome sign that the development of urban co-operation will be pushed on with a new energy. The demand for banking facilities and for the organisation of urban and rural finance has gone on increasing with every year. But if the urban banks are to multiply and fill the vacant space between joint-stock banks on the one hand and agricultural credit banks on the other, they require a more vigorous principle and rate of growth. Perhaps the line of development marked out by Mr. Dupernex at the beginning of the century might be followed with advantage. As urban banks develop in district towns they should establish agencies or branches in the same town

or in the smaller neighbouring towns; such branches might flourish for a time under the auspices of the original banks, but they should ultimately mature into sister-banks. In the earlier stage they should be managed by local punchayets which should be vested with general power to manage the branch under the control of the board of directors of the central institution. In Bombay there is a remarkable example of the establishment of such local agencies in the case of the Shamrao Vithal Society, and in Madras in the case of the Triplicane Urban Co-operative Society. Both peoples' banks and caste societies are in a specially favourable position for 'propagation on these lines.

But it is not enough to increase the number of urban banks. Our task is to improve the organisation and to increase the momentum of the aggregate urban system. For this purpose we cannot take the short cut adopted in some parts of Europe by increasing the size of individual urban banks; though even along this line there seems to be some opportunity and scope for our activities. In the main, however, we should take care not to let individual banks become too large for work on sound co-operative lines; and what we should aim at is to combine the strength of primary urban societies into powerful urban banks.

# **CO-OPERATION AND INDUSTRY\***

It seems that in either case—when carried on by the state and when carried on by co-operative associations—the industries of a country would be carried on for the benefit of the community; the desire for exploitation and profit would be eliminated and the industry would be controlled by the community. But in the case of the Co-operative associations—the control of the members would be more efficient, the industrial operations would be more efficiently, conducted, and the good of the community would be better secured. Co-operation furnishes a better remedy for the evils of the present Industrial system than state socialism.

There is however, one aspect of the question which should be considered here. When an association of consumers undertakes production—all the members of the association are not actually engaged in production. The Rochdale Equitable Pioneers' Society, the English and the Scottish Wholesale Societies have their own mills and factories for producing some of the commodities, which their members require. The object of production in each case is to supply the needs of the members, and not to make profits. The mills and factories produce those things only, and those of the quality, which their members want. No shoddy things are produced for sale instead of excellent things for use. But the relation of those who are employed to produce the things to the society is that of employees to the employers, and the former have no control over the Industrial operations. The wages paid by the society are certainly better than what are paid by capitalist employers, but the labourers are not satisfied with their position under Co-operative Organizations either. They have no control over the conditions of their employment, and when the interests of the employer and the employed in the factories clash the latter feel the injustice of the decision resting entirely in the hands of

<sup>\*[</sup>This contains the substance of a lecture delivered by Mr. T. C. Roy at a meeting held under the auspices of the B. C. O. Society at the Calcutta University Institute Hall on the 15th of August last under the presidency of Hon'ble Sir R. N. Mockerjee.]

the employer. Strikes have in consequence often taken place in Co-operative factories as well.\* From the nature of the relation between the employer and the employe, it is not possible to give to the latter any effective control over the conditions of employments. As Mr. Leonard Woolf has so well pointed out in his admirable book "Co-operation and the future of Industry", if those, who have to obey orders in the factory, were ultimate judges of whether these orders were right or wrong, discipline in the factory would break down entirely and the Society would come to grief. In England the Co-operative associations are composed mostly of working class people, and the sympathies of the members are with those employed in the factories of the associations. affords great protection to the employes no doubt. But it does not enable them to feel any adequate sense of security, and Mr. Woolf has suggested that the Trade Unions, which are the proper representatives in England of particular classes of labourers should be recognised within a Co-operative movement, and be given a share in the control of the conditions of employment of the classes of workers in the factories, whom they represent. When a dispute arises between the labourers employed in the Co-operative factory and the Executive of the Society the dispute should be decided not by the Society alone, but the Trade Union representing the particular class of workers should also be invited to take part in the settlement, and a definite status should be assigned to it within the movement.

If co-operation is to be applied to industries, production must be undertaken by the consumers. When it is undertaken by persons other than consumers, the desire for profit is almost certain to come into operation. When profit is the motive for production, it is impossible to eliminate competition from the field. Other associations, Co-operative and non-Co-operative, are engaged in producing the same commodities, and competition has full play in the dis-

<sup>\*</sup>The following telegram appeared in the Statesman of the 11th September, 1919.

London, Aug. 18.

Owing to a threatened strike the co-operative societies of Yorkshire, Lancashire, Cheshire and North Wales have locked out 30,000 employees.

posal of the things produced. When however, production is undertaken with the sole object of supplying the needs of a particular group of people, who combine for the purpose, the commodities produced have a market ready for them. We have in Bengal a fairly large number of Co-operative Societies among weavers and other producers. They produce things not for the use of the members of the Societies, but for sale to the outside public, and the public make their choice between the articles produced by these societies and those produced by others. The competition is unfettered, and the societies do not always win in it. The greatest obstacle in the way of the success of producers' associations is the difficulty in securing a market for their products.

Capitalist enterprise has got a long start of Co-operation, and if Co-operation is to win in the struggle with capital, it must rest on a secure foundation. We must therefore, be sure of the market before we undertake production under the Co-operative system, and we can never be sure of the market unless production is undertaken by the consumers themselves.

In England the Co-operative movement had the right beginning. The Rochdale Pioneers were an association of consumers, who combined to supply the needs of the members, and for this purpose, to manufacture such articles, as might be manufactured by them. The society now manufacture lots of things for its members. The English and the Scottish Co-operative Wholesale societies have also undertaken manufactures on a big scale. These Societies manufacture things not for profit, but for use of their members, and have no motive to produce things, which are really not wanted by them They carry on their business therefore without advertisement, and are able to compete with non-co-operative concerns.

In India we began with Co-operative Credit, and it was not before we had worked for 8 years with credit societies that we turned to other forms of co-operation. We have recently turned our attention to Co-operative production. But the production is for sale to those who have not joined the movement. These have not evinced any great desire to patronize co-operative production. It should be considered whether production by consumers' associa-

tions does not give a better promise of success.

The wide spread desire for industrial development of the country should be utilized by the co-operators and turned into the right direction. In competition with well established industries in foreign countries our infant Joint Stock industries may not be able to hold their ground. But if consumers combine like the Rochdale Pioneers for the purpose of supplying their needs, and undertake production of the commodities they need, competition will be greatly eliminated.

We ought, therefore, to have consumers co-operation first. The number of consumers' societies is very small in Bengal and the few that exist are not in a position to undertake industrial operations. For 5 years the consumers have been subjected to the worst form of exploitation, and finding them helpless, the traders and manufacturers have gone on increasing their profits unchecked. Mere distributive societies will not be able to protect the consumers. When any considerable number of such societies is formed, the traders will certainly combine, and refuse to sell to such societies, and the capitalist producers will naturally side with them. It is necessary therefore, that production should be undertaken by associations of consumers.

I have lately been discussing with certain friends of mine, the question of a Co-operative Dispensary in the part of Calcutta The prices of medicines have gone up so high that it has become almost impossible for men of small means to obtain proper treatment when they fall ill. That the prices have been artificially raised is beyond doubt, and would certainly be lowered if there were a few Co-operative Dispensaries to supply medicines to their members, which would have no motive for raising prices. When discussing the project, it was found that the dispensary would have to contend against two combinations,—viz., (1) Combination of medical men, who are at present in receipt of commissions from dispensaries; (2) Combination of owners of dispensaries. first combination would not be so formidable, but the second combination would be difficult to meet. The wholesale dealers in medicine also sell retail, and their sympathies will naturally go with the owners of dispensaries and when the latter combine they will side with them, and either refuse to sell medicines to the cooperative dispensaries, or charge to them prices, which will make it impossible for them to give any relief to their members. The same difficulties face all consumers' associations and can be adequately met only by such associations undertaking production.

There are no doubt many producers' societies in the country and it might be argued, that these societies being Co-operative would sell their products to consumers' associations. But experience shows that the desire for profit is no less the guiding principle of these societies, and when commodities are produced for sale, it is bound to be so.

As long as the community is dependent on capitalists for production, exploitation is bound to go on. The capitalist producers' sympathies are with the traders, and they are not likely to show much consideration for the interest of the consumers.

Co-operative distribution and co-operative production must therefore go hand in hand, and the production must be undertaken by the distributive societies. Our weavers are bond slaves to mahajans, who supply the yarn and obtain all the cloth on payment of starvation wages. Consumers' associations should employ these weavers, supply the raw materials, and pay the weavers their wages, the weavers being members of the associations. bers of one co-operative store will perhaps not be able to consume all the cloth produced by its weaver members. The consumption must be spread over a large area; which should be co-operatively organised. We should have a network of stores in each District, with a central store in the district head-quarters. This store will receive from the branch stores orders for things, which they cannot locally manufactura, and statements of things which they produce in excess of their requirements, and the central store will arrange for the supply of the former after consulting the latter. are some industries such as silk weaving, for the products of which the local demand is generally very limited, and which must therefore be carried on under an association which can distribute the products all over the country. A co-operative wholesale society is therefore of the greatest importance for the application of cooperation to the industries of the country. A large number of joint stock companies have lately been floated in Calcutta. It is not known how many of these companies will prove success-

The promoters of the Calcutta Swadeshi Co-operative Stores are the only persons, who have thought of reviving the industries of the country, through an association of consumers. Among the objects of the store is the manufacture of goods, which can be manufactured in the country. The society has indeed some objects, which can hardly be said to be co-operative, such as the export of Indian goods and the establishment of agencies outside India; but its main object is the supply of the Calcutta market. If it is patronised largely by the Calcutta public, it may be in a position to undertake manufactures on a large scale. The existing cottage industries in the country may be taken under its wings, and even mills may be started to produce some of the everyday necessaries of the residents of Calcutta. Food adulteration is undermining the health of the country. Rice, flour, oil, ghee, sugar—every thing is adulterated. The Calcutta Swadeshi store may establish flour, oil and rice mills for supplying the requirements of their members in these articles. The Institution will be in a position to introduce machinery in the small industries under its control, and by enabling the artisans to produce in large quantities, improve their condition beyond all expectation. Profit is not the motive of this institution, but the revival of Indian Industries. It is a matter for congratulation that those who have started the store, have chosen the co-operative method to achieve their object.

The position of the weavers and other artisans in the system under consideration may present some difficulties. Mr. Woolf has tried to solve the problem for England by proposing to assign to trade unions a definite place within the movement. There are no trade unions in India and there is no doubt risk of the artisans being explited by associations of consumers. But these artisans should be members of the consumers' associations, and as such would have some voice in determining their wages. Still more to safeguard their interests, the artisans themselves may be formed into associations, not for production, but for purposes of representation on the consumers' associations.

Our cottage workers are not good traders. They produce but they do not know how to dispose of. Their helplessness in this respect has been explited by mahajans, who have reduced them almost to the position of slaves. Associations of consumers would be a most desirable substitute for the mahajans.

It is for this that Co-operation among consumers has become necessary. Foreign competition is keen. Japan and America are pouring the produce of their mills into our country, and now that the war is over Genmany and Austria may begin to do it very Our old industries are decaying; new industries have not yet been built up. In competition with countries which have got a long start of us, we are almost certain of defeat, unless we organise ourselves for protection. Of all organizations those among consumers are the best fitted to take up the work of the industrial advancement of the country. They produce for use and they will not prefer things made by others to those made by their own men. They can begin unostentatiously by taking the cottage workers under their protection. As they succeed in this, they can turn to manufactures on larger scales, they can have factories and mills of their own. But in order to succeed in this gigantic task, the task of regenerating the industries of this ancient country, the consumers must be permeated with the spirit of Co-operation. There must be no desire for profit and exploitation; production must be undertaken only for the purpose of supplying the needs of the members.

The problem of unemployment among middle class men of the country is one of the most pressing problem of the day. it can only be properly solved by Co-operative Industries. Capitalistic Industries has not solved the problem in Europe and will not do so in India. When associations of consumers undertake production, and produce extensively, every consumer who is willing to work, will have sufficient work to do to earn a decent I feel tempted to draw a picture of a Co-operative livelihood. commonwealth which will arrange the powers of production and distribution, in such a way as will provide employment for every body and will also seave him sufficient leisure for the cultivation of his higher faculties. But the Co-operative movement is still in its infancy in our country and a co-operative commonwealth is only a vision even in countries where it has established a firm hold of the people. The equitable Pioneers of Rochdale dreamt of it in The early years of the last century but it is still a vision in 1019.

The vision however, possesses the power of appealing even to the hard matter of fact mind when it is seen in all its grandeur.

Young men of Bengal, it is for you, to see the vision first, and then present it to others. Picture to yourselves a society, from which competition and unemployment have been banished, in which wealth is produced only for supplying the needs of the community, and each has enough of what he needs; in which extremes of poverty and affluence are equally unknown and no one tries to enrich himself at the expense of others. The ideal claims all your homage and is one worthy to be lived for and striven after.\*

<sup>\*</sup>The Chairman while thanking the lecturer for his able paper, remarked that there were certain points in which he differed from him. He believed that the principle of co-operation as applied to small industries could produce great resuits, but that as applied to large capitalistic industries, it could not in the present stage of industrial development be of any very practical use. It could hardly be conceived that those large industrial undertakings would flourish on a non-profit seeking basis.

# RECENT CO-OPERATIVE DEVELOPMENTS IN BENGAL

### 1. Nurpur Co-operative Union.

A co-operative organisation known as the Nurpur Co-operative Union, Ltd., has recently been started at Nurpur in Faridpur It owes its origin mainly to the exertions of Mr. J. N. Roy, District Magistrate, and Khan Shaheb Moulvi Abdul Gani. About fifty villages have been included in the union, which has been registered under the Co-operative Societies Act, and in each village there exists or there will be created a Rural Bank, participating in the benefits of the union. A Co-operative Stores Ltd., has been started at Nurpur in connection with this Union for the sale of goods at a cheap rate, to the villagers residing within the jurisdiction of the union and a dispensary, an Agricultural Society and a night school have also been opened at Nurpur. At the nominal fee of a few annas only, the members of the Union will be entitled to get medical help from the doctor attached to the dispensary, where medicines will be dispensed free to the outdoor patients also. This organisation is perhaps the first of its kind in Bengal, and its progress is being watched with much interest.

Regarding the Nurpur Union the "Statesman" writes:—Those of us who became acquainted with Mr. J. N. Roy—the rara avis, a popular Press Censor—during his term of office in Writers' Buildings will feel no great surprise to see that he is making things move in Faridpur. Thanks largely to his exertions, in collaboration, with another energetic resident, the co-operative movement appears to have been started at Nurpur with vigour, and we hear of an agricultural society, a night school, and a dispensary where members of the co-operative union may get medical help from a doctor for a nominal fee. Co-operative stores for the distribution of goods have been initiated, as well as co-operative credit for the lending of money. Mr. Roy's old friends in Calcutta will wish more power to his elbow.

## 2. A Co-operative Store at Faridpur.

A public meeting was recently held in the Faridpur Bar Library to support the organisation of a co-operative store in the town. Khan Sahib Moulvi Abdul Gani, Deputy Chairman of the Central Co-operative Bank, Faridpur, explained the objects of the proposed store, and Mr. J. T. Donovan, I.C.S., Registrar of Co-operative Societies, Bengal, who was present at the meeting, also spoke. The proposed store, to be known as the Faridpur Co-operative Store, Ltd., will be registered under the Co-operative • Societies Act, and the objects of the society are : (1) To purchase the necessaries of life for retail sale to its members; (2) to carry on trade, both wholesale and retail, for the benefit of its members; and (3) to encourage thrift, self-help and co-operation generally amongst the members. The nominal capital of the society will be one lakh of rupees to be divided into shares of Rs. 10 each. Rs. 5 per share will now be called and the balance will be kept in reserve. The liability of the members will be limited to the nominal value of the shares held by them. At the meeting shares to the extent of Rs. 6,000 were subscribed on the spot. A suitable shop has been hired in the Bazar and already orders have been placed early supplies of rice.

# 3. The Calcutta Co-operative Swadeshi Stores.

On the 1st of August last Justice Sir Ashutosh Mukerjee formally opened the Calcutta Co-operative Swadeshi Stores, Ltd., which has been started with a capital of two lakhs of rupees and located in Lal Bazar Street just opposite the Police Commissioner's office. Among those present at the opening ceremony were, Mr. Donovan, Registrar of Co-operative Societies, Mr. T. C. Roy and Mr. Mahmud, Joint Registrars of Co-operative Societies, Mr. C. R. Das, Mr. Padmaraj Jain, Mr. Majibur Rahaman and Mr. Baijnath Choubay. Mr. C. R. Das, as Chairman of the Board of Directors, gave a brief history of the formation of the stores and requested Sir Asutosh Mukerjee to open the stores. Sir Asutosh Mukerjee in declaring the stores open, said that the promoters of the stores should take particular care to run it on quite business-like lines and avoid defects which led to the failure of similar

concerns in the past. The stores will only deal in Indian made articles.

## 4. A Central Co-operative Bank at Meherpur.

A Central Co-operative Bank was opened at Meherpur, the 13th July. Mr. J. T. Donovan, I.C.S., Registrar, Co-operative Societies of Bengal, presided. A pandal was erected in front of the Local Board Office and there was a large representative meeting attended by all sections of the peoples as well as by the representatives of 64 village co-operative societies of the Sub-Division. These village societies which were so long under the affiliation and control of the parent Central Bank at Krishnagar were transferred to the new Central Bank at Meherpur. The new Bank at Meherpur like the Nadia Central Bank is a Bank of the mixed type. After Rai Indu Bhusan Bhaduri Bahadur had given a short history of the Co-operative movement in Nadia with special reference to the development and growth of Co-operative societies in the Meherpur Sub-Division, Babu Jivan Krishna Mukherji requested Mr. Donovan formally to declare the Bank open.

The following office-bearers were provisionally elected for the Bank. Mr. S. N. Sen, S.D.O., ex-officio Chairman, Babu Jivan Krishna Mukherji, Deputy Chairman and Treasurer, Babu Indu Bhusan Mallik, Secretary and Babu Rati Kanta Biswas, Assistant Secretary. Purchase of preference shares of Rs. 20,000 was promised at the meeting.

# 5. A Proposed Municipal Co-operative Society.

At a recent meeting of the Calcutta Corporation the Hon. Sir Deva Prosad Sarvadhikary moved: "That immediate steps be taken, in connection with the Provident Fund or otherwise, to organise a Co-operative Society for the benefit of all Municipal employees not at present admissible to membership of the existing society, and that a Committee consisting of the Chairman and eight Commissioners be appointed to frame the necessary scheme in communication with the Registrar of Co-operative Societies." He said that the woes of the Corporation employees were many, their troubles great and their emoluments were not very satisfactory. The result was threatened strikes and

other difficulties. On account of the smallness of their pay the men were put into the hands of money-lenders and they were crushed by the exorbitant interest they had to pay.

The motion was duly seconded and agreed to and the following gentlemen were elected to form the Committee:—The Chairman, Rai Bahadur Dr. Haridhone Dutt, Rai Surendra Nath Mitter Bahadur, Babu Ramtaran Banerjee, Mr. Abdur Rahim, Mr. Rhodes, Mr. Wyness, Babu Surendra Nath Mullick and Sir Deva Prasad Sarbadhikari.

## 6. The Bengal Agricultural Society.

At a meeting held at the office of the Bengal Co-operative Organisation Society at 6, Dacre's Lane on the 5th of August last the Bengal Agricultural Society was formed with the purpose of linking up the various Agricultural District and Branch Societies scattered over Bengal. Not only will the Society set out on an active propaganda on improved methods of agriculture in Bengal but it will even assist District and Branch Societies in the distribution and sale of agricultural products. In a recent resolution the Government of Bengal have alluded to the necessity of such an organization and the active co-operation of zemindars and other interested in agriculture is intended to be secured. A sub-Committee has been formed for drawing up rules and regulations with Kumar Manindra Chandra Sinha, M. B. E. as President and Mr. H. W. B. Moreno as Secretary.

### 7. A Serampore Store.

The Serampore Chatra Co-operative Society, Ltd., will shortly start a Co-operative store for the sale of necessaries of life at a cheap price to members and non-members.

#### 8. A Store at Feni.

At a public meeting at Feni under the presidency of the S. D. O., it was resolved to start (with a capital of Rs. 1,000) a Co-operative Store to be called: "The Feni Town Co-operative Store."

#### 9. Fishermens' Co-operative Societies.

Twelve new co-operative socities of fishermen were established during the year, 8 in Bengal and 4 in Bihar and Orissa; the total number is now 27. These societies were mainly established by the efforts of the co-operative department, but it is expected that in future the district fishery officers will be able to take a more active part in the establishment of such societies.

# 10. The Co-operative Movement in Moudlai (Hooghly).

The Moudlai Improvement Association together with a joint stock concern to supply the daily necessities to its members, was first established in 1917. Recently at a meeting of the share-holders of the joint stock concern, it was decided unanimously to convert it into a Co-operative Society. Among the successful works of the Association, the establishment of a girls school, a co-operative Society worked on its own resources and an agricultural association may be mentioned. The Association is taking a keen interest for helping the neighbouring villages for the organisation of such Societies.

# 11. Proposed Co-operative Society for Khargpur.

With the object of encouraging thrift and self-help among the Khargpur Railway Employees a movement is set on foot here to start a Co-operative Society. Mr. M. H. Oldfield, President of the Select Committee, is now ascertaining the probable number of members who would join the Society and the shares to be held by them as well as other preliminaries in connection with the organisation of the Society.

### 12. New Activities of the Brahmanbaria Central Co-operative Bank.

The sixth annual meeting of the Brahmanbaria Central Cooperative Bank was held on the 24th of August. The meeting was largely attended by the duly elected representatives of the rural primary societies, as well as by the preference shareholders. The chairman of the Bank Mr. B. K. Das (Sub-divisional Officer of Brahmanbaria), presided. The most salient feature of last year's working is that the Bank, which was founded almost entirely on outside capital, from the Calcutta money market, through the exertions of the then Registrar, Raj J. M. Mitra Bahadur, has now raised a local capital which is almost one-third of the present working capital, which roughly comes up to almost three lakhs and ten thousand, besides paying off to the Provincial Co-operative Federation a sum of Rs. 19,700 in principal.

Owing to acute distress prevailing in this sub-division, the Bank made a liberal grant of loans to its rural primary societies, and over a lakh was distributed as loan. But 14 societies managed themselves without any loan from the Bank. Thirty-five societies took loans twice, and 8 societies took loans thrice, during the year. In 1915-16 when there was a similar scarcity and distress in this Sub-division the Bank had to take the entire money from the Calcutta market, through the Registrar, but, fortunately, in this year of distress the Bank has been able to be self-reliant and has been able to raise its entire capital locally. Loan applications are most carefully examined by the Directors before the issue of any loan. There are two industrial societies—one of weavers and one of fishermen. The rest are credit type societies.

The collection was fair and good, considering the scarcity prevailing. The overdue figures are only Rs. 28,568.

The present year's programme includes the formation of industrial societies among (1) weavers, (2) basket-makers, (3) bell-metal makers, (4) Kapalies for gunny bags, (5) button makers from mother-o'-pearl, (6) silk weavers. An industrial sub-committee has been formed consisting of nine members, from ordinary and preference shareholders, to organise these societies. Further it is proposed to start a union with a block of 40 to 45 societies in one compact area, providing aid to the members in (a) credit, (b) medical aid (c) primary education, (d) sanitation.

## 13. The Jamalpore Co-operative Stores.

From January last a Co-operative Stores has been started at Jamalpur in the District of Mymensingh with a nominal capital of Rs. 5,000 with a view to supply every-day necessaries to its members at moderate and reasonable price. Since its birth the Store did a great deal of good to its members specially with respect

to kerosine and rice. When the local merchants were very eager to make enormous profits, the Store came to the relief of the public offering them things at a much lower price, controlled the market and put a stop to the profiteering of the mahajans.

# A CO-OPERATIVE CONFERENCE AT PATNA

Proceedings of a Co-operative Conference of Managers of Central Banks held in the Secretariat Buildings at Patna on the 8th of April, 1919.

Khan Bahadur Mohi-ud-din Ahmed in addressing the conference said:—

#### GENTLEMEN.

I have asked you to meet me here so that I may speak to you on matters concerning your duties—your responsible duties as managers of Co-operative Banks. I am sorry to have to say at the very start that hitherto I have seen little in the methods employed by you which is altogether encouraging. Some of you have indeed tried to work up to a routine-a dull routine I may say-and endeavoured to save the Bank and the societies from big pitfalls. So far as this has involved hard labour I appreciate your efforts but I am sorry, I have to say that I am far from being satisfied with this. Now indeed can I be satisfied when it is remembered that cooperation aims at? Co-operation is not merely a device to prevent people from falling into ditches---it is a living and creative force to lead people to success—to moral and economic victory. Fortunately for us—for you and me—the path of progress is not hid from our view—the co-operative way has been charted and we have only to learn how to guide our ships and stick to the right points of the compass. Consequently I have nothing novel to put forward to you. I shall only describe to you what has so often been done viz., what is real co-operation and what is not co-operation and I shall point out some of the common un-co-operative methods found all over the Province and try to explain to you the kind of society and Bank which all of you must endeavour to approximate. Now what is the kind of society one so frequently comes across and which makes the prospect so gloomy? Let me describe. There are a number of dishonest and unscruipulous rouges the chief of whom are the Punches. These borrow heavily and are the worst

defaulters. The Treasure uses the Cash balance for his own private purposes. Meetings are not regular and when they are held very few attend them. The general body of members do not know what in going on in the society and careless so long as they are not bothered about paying their Kists.

Mutual control and vigilance are conspicuous only by their This picture, you must know by your experience, is not by any means overdrawn. Now what percentage of societies in your area answer to this description? In some area at least I know it is quite 80 per cent. If this is so, it may well be asked how such societies come into existence at all? The answer to that the only answer is—lack of real earnestness and want of sustained efforts on the part of the Managers. If the managers were really alive to a sense of their responsibilities it is impossible to believe that societies of this description can figure or rather disfigure the list of societies affiliated to any Co-operative Bank. They must either be improved within a reasonable time or liquidated. Now let me mention some un-co-operative and unbusinesslike methods employed in most areas. A very common defect is that the Banks do not follow any definite programme. Some of you may remember that there is a circular on this subject and each Bank is instructed to have a programme drawn up for the year and distribute the work you have to do in such a way that each work may be finished with in an allotted time. But how are these instructions carried out in practice? Most of the Banks have indeed drawn up a programme—but in none is the programme worked up to. For example, in many areas the Haisivat Registers are being revised just now-whereas the revision should have been completed before Ianuary. This is a common example of delay and procrastination. Let me give you an instance of a defect of another kind which I find to be fairly common—the defect of overdoing things—of doing things for societies which ought to be done by the societies themselves.

On receipt of loan applications some Banks are in the habit of interfering too much with the individual loans applied for by particular members. Now provided that the annual general meetings have been carefully held and the borrowing limits of individual members fixed with the loans applied for by individual

members. All that is necessary for you to see is that the borrowing limits fixed at the annual general meetings are not exceeded. Within such limits societies must be allowed to exercise their discretion. In exceptional cases where loan applied for a particular member is very big and the purpose an unproductive one it may be necessary to see that the society had considered the point in the meeting and if not to ask the society to do so. In no case should they be disallowed by the Central Bank, if the members after considering the point sanctions the loan. Societies must be allowed the liberty even to make mistakes.

Another instance of overdoing things is the way in which punishments to individual members are executed. Some officer of the Bank goes and gets a resolution recorded without bothering to find out whether the members at all approve of it. In fact, the societies have all perhaps now got the idea that the Central Bank authorities have the power to inflict punishments on individual members—an idea which must be destructive of the growth of a sense of healthy self-reliance. I have known instances where the members have sympathised with a delinquent punished in this manner by the Central Bank. The Central Bank should try to educate the opinion of members and should not in any case force any decision on them. My experience is that the members are quick to respond when it is properly explained to them that a particular course will be for their benefit or that a certain member ought to be punished for the sake of discipline of the society. If members are unwilling to punish wrong doers it simply means that they do not understand the principle of joint liability and mutual control and that the members require thorough instruction as regards this. Not infrequently you come across case where the Treasurer had misappropriated the cash balance but the members instead of handing him over to the Central Bank authorities deliberately try to shield the cultrit. What do you think is the reason for this? The only reason is that the members had not been taught that the money belonged to them and that the attempt to defraud was directed against their interest. Once they understood this, they would not require to be told that the Treasurer who misappropriated the societies cash balance deserves to be severely dealt with. The principle then, as has been repeated so often before, should be "Give all possible guidance but do not dominate. Do not do things for the society, but teach the members themselves to perform them." Your object is to train these societies to independence. You must watch and correct their mistakes, not by writing orders in their minute books but discussing with them and arguing with them and making them think.

I should like while I am on this subject, to point out the unbusinesslike methods adopted by most of the Banks. strict observance of the bye-law and rules is a matter of primary importance. I pointed this out in the pamphlet "How to improve a society" and I explained that the Central Banks can do a great deal by way of training the societies if only it would insist on the strict observance on the part of the societies of their bye-laws and resolutions. The Central Bank should not only teach the societies to do this but set an example to them in their own relationship with them. For example, there is at present no systematic effort to enforce punctuality of repayment and societies are allowed to default year after year without being required to obtain a formal extension of their Kists and the Kists are ultimately reduced to little more than nominal dates. In co-operative Banking, concerned as it is with financing agriculturists some latitude has of course to be allowed in view of the uncertainties concerned with all agricultural operations, but it is one thing to allow extensions for good reasons and quite another to regard the Kists as mere ornaments for the Loan Register. When we compare this attitude with the ordinary practice of other banking institutions where the drawer of a pronote is adjudged to be a bankrupt if a pronote is not honoured on the due date and hour, we can appreciate what an object of ridicule your Banks are apt to become if so little regard for punctuality is shown as is the case at present. Punctuality must be enforced unless the societies are able to satisfy you fully that they could not keep to their terms for reasons beyond their control. societies must be made to consider in a general meeting each individual case of default by a member, granting extensions in deserving cases and taking coercive measures in the case of others. If the societies, can be properly trained to do this a great step will have been taken not only towards that mutual control which is so esential a condition of success but towards a proper appreciation of

the societies obligations to the Central Bank. There is again the most effective method of training which most of you have not taken up with the eagerness I should have expected to see. I refer to the formation of Guarantee Unions; I have no doubt that a Guarantee Union when carefully trained is the best agency for supervising the affairs of the affiliated societies-much better than any Central Bank, with the cleverest manager, can hope to be. I am all the more surprised to find so little effort made in this direction because of the immense relief which the formation of such Unions would bring to the managers, apart from the great security which they would add to the Central Bank investment. The Unions are also an excellent agency for fresh organization. In Supaul some very good societies have been started by the Unions. The Punches with their local knowledge regarding the character and credit of the prospective members are able to begin with desirable and honest members only. Of course the good results at Supaul is due to the careful training the Guarantee Unions have received. As everything depends on this training the Central Bank cannot be too careful about it or devote too much time on this work. The Central Bank should endeavour from the very beginning to realize its responsibility as regards the internal working of its affiliated Everything should be done through the Union and there should be no interference with its authority. It is not necessary to have a monthly meeting of the Union. Two general meetings as laid down in the bye-laws should however be carefully held. Before these meetings the members of the Union should make a thorough inspection of all the affiliated societies so that their condition may be familiar to all. In the initial stages of the working of the Union it is necessary for the manager to attend the meetings and discuss all the various questions affecting the interests of their societies and teach them to think out the best plan to serve those interests. The appointment of an Inspecting Clerk by the Union as I hear has been done in one case, is just the kind of thing which destroys the spirit we wish to create. The Inspecting Clerk maintained by a Guarantee Union cannot be very well qualified because the Guarantee Union connot afford to pay a salary big enough to attract a properly qualified man, and since the Central Bank maintains an Inspection Clerk there appears to be no object

in substituting a less qualified man in place of a better qualified one. But the most objectionable part of this business is the fact that it tends to lessen the sense of responsibilities in the officer of the Guarantee Union—who should be inclined to throw the whole weight of responsibility on the shoulders of an incompetent clerk who cannot have any personal interest in the welfare of the societies.

To sum up then you must have the standard—the co-operative standard-always before you. You should not be satisfied with anything less than the absolute standard. The Central Bank and the Guarantee Union are only the agencies for improving the efficiency of the societies and the process of improvement must be kept on by sustained efforts till the standard has been attained. What is then the real standard? You have been told that time and gain, but it will bear repetition a hundred times. You must have the picture imprinted in you minds. An ideal co-operative society is one in which the members have been elected with a due regard for their character—where all the members have the fullest confidence in each other. It is a society in which members understand and fully realize the responsibility of unlimited liability. These two generally lead to the other aspects of the picture. The members understand the bye-laws and particularly the power given to them in the general meeting. They are anxious to attend it and fix the borrowing limits of every member particularly those of the Punches. The Punches are careful in the matter of giving loans considering in each case whether the loan is necessary and whether it is for a productive purpose. After the loans are granted the Punches do not go to sleep; the supervisors keep an eye on the members and see if the loans are being expended for the purpose for which they were taken. Cases of misapplication are promptly brought to notice and the offender punished. The members again are all loyal to the society. No member has any chance of borrowing from outside on the sly or surreptitiously part with his property thereby reducing the assets of the society. Then again at the time of repayment it is everybody's concern to see whether the others are paying up. If a particular member is not paying up. all the others mount-guard at his Khalihans and in other ways harass him till he pays up In no case is anyone allowed to default

without being required to satisfy the Punches that he could-not repay for reasons beyond his control in which case a reasonable extension is given to him. Again an ideal society is one in which the members feel a real interest for their society and is anxious to see the economic interest of every member advanced through the help or by means of their society. It is one in which the members discuss matters of common interest and evolve schemes for their economic and moral welfare. Finally an ideal co-operative society is one in which the real spirit of brotherhood grows and where the idea. "Each for all and all for each" becomes a reality.

This is by no means an Utopean dream. If the serious responsibility of joint liabilities is fully understood every other reform will follow in its wake. I know that you can, if you will only bring the necessary enthusiasm to bear on your task, make the picture answer to every one of the society under your charge. You simply require to keep the ideal before you and when leave the will to succeed I want to see you devoting more time to thinking and planning. I want to see you concentrate all your energies and thoughts towards attaining the one object for which you exist—to turn out ideal co-operative societies—societies where self-reliance and independence unity and mutual solicitude grow more and more. May I hope that you will go back to your task with a fresh determination and a new purpose?

Sunday classes for the training of Punches.—At the request of the Registrar, Babu Sidheswar Ghosh, Manager of the Rohika Union explained his scheme of the "Sunday Class" (Vide Appendix A) for the benefit of the Punches of Co-operative Societies. He said that he noticed that the societies under the charge of Punches who had received instruction had already begun to show signs of improvement. The matter was fully discussed and the following resolution was passed:—

The conference recommends that a training class for Punches be held in each Bank on lines similar to the "Sunday Class" in Madhubani. The classes should be held at head-quarters once a week and Punches attending should receive reasonable expenses. It was also resolved that the class should be opened to others who wished to attend.

Debating Club for spreading Co-operative Knowledge.—Babu

'now Rai Saheb) Raja Prakash Narain described the proceedings of the Debating Club started at Barh. The object was to arouse the interest of the educated people of the locality. Outsiders lead the discussion and co-operaters attend-merely to enlighten them about matters which they wish to know. There were 3 meetings with very large attendance. The pleaders and Mukhtiars mustered strong. Babu (now Rai Saheb) Raj Parkash Narain said that as a result of the advertisement thus given, the Bank was able to get fresh deposits from local people to the extent of Rs. 25,000. The meeting was much interested in the subject and the following resolution was passed:—

That the conference is of opinion that Debating Clubs are a useful means of disseminating the knowledge of co-operation and may be started wherever suitable materials exist.

The need for Guarantee Unions.—The need for Guarantee Unions was then discussed. The Registrar explained that all hope of progress lay in the formation of Guarantee Unions. The object of these Unions was to make the societies self-reliant and independent. In individual societies only one or two intelligent men are available but in a group of societies it is possible to find 4 or 5 men who are intelligent enough to lead others when properly trained. Their services are available for the whole lot of societies. mutual discussion and inspection they educate themselves and the Punches of each society. There is certainly some trouble in the beginning but once trained the Guarantee Unions must obviously save the Managers and the Directors a great deal of labour and anxiety. But the progress in this Province was quite disappointing. In Central Provinces 250 unions were started in one year. The Registrar was convinced that real progress could only be achieved by bringing every society under a Guarantee Union. The Registrar then related a case in which a clever Punch was baulked in his attempt to take a large loan by a Guarantee Union in Banka whereas the Central Bank would in all probability have granted the loan, in such a case.

There was a long discussion. Rai Saheb Mahendra Prasad described the difficulties of forming Unions and suggested that Secretaries of Unions should be remunerated. Babu Hari Dass Roy, Deputy Registrar, Orissa Division, expressed doubts as

regards the benefits which the societies would derive as compared with the extra liabilities they would incur. Mr. N. K. Roy, Deputy Registrar, suggested a lower rate of interest as a quid proquo for the increased safety of the Central Banks investment. Mr. B. A. Collins suggested that a lower rate of interest may be charged and then a contribution levied for inspection of societies. The following resolution was passed after further discussion:—

The conference recommend to the Central Banks that Societies affiliated to a Guarantee Union should be allowed loans at lower rates of interest say at 10 per cent, and all societies classed as A and B should be allowed cash credit with the Central Bank.

Grain Societies.—The note by Babu Hari Dass Roy, Deputy Registrar, Orissa Division, on grain societies (Appendix B) was then considered. The conference resolved that experiments should be made in regard to societies of this description in every area.

Amalgamation of Loans.—The subject of the amalgamation of loans covered by different bonds was discussed. It was pointed out by Mr. N. K. Roy, that the amalgamation would cause some hardships as it would mean the deduction of interest on loans which had not fallen due. After some discussion the following resolution was passed:—

The conference is of opinion that amalgamation of all loans granted to a society would be a distinct advantage and recommend that this procedure be adopted in all Banks.

#### APPENDIX A.

#### A Note on Sunday Classes.

Since my appointment here as Manager in January 1918 when I want round the villages to make myself familiar with the area, I found that the members generally are ignorant of the 12 main points and that most of the defects in the societies were due more to the ignorance of their writers than to the innate faults of the members. I was set to thinking of devising some means for reducing this ignorance as far as possible when the idea of a coaching class suggested to me. I consulted the Secretary who highly approved of it. A definite proposal was then placed before the Directors on 13th February 1918 and they were pleased to approve of it and to sanction 6 annas as daily allowance for the persons who would attend the class. But the scheme took shape and started working in November 1918.

Every Sunday a class is held at my house from 12 a. m. to 3 p. m. Mostly Writers and Panches are selected from the bad and average societies to join the class. A fresh batch is taken in as the old batch is discharged after being trained (not all at once but gradually as each student appears to have learnt the points his place is filled in by another).

The following subjects are mainly taught: -

- (1) The twelve main points in question and answer forms.
- (2) Rye-laws.
- (3) The method of keeping the Society's books.
- (4) The questions which Local Auditors require them to answer taking for example the last audit note of some of our bad societies.

To ensure regular attendance they are paid always for their previous attendance, i.c., on Sunday, 26th January, 1919, they were paid for attending on Sunday, 19th January 1919. The amount to be paid is drawn on Saturdays and the balance due to the absentees on the previous Sunday is invariably adjusted at the time of passing the next bill if no reasonable excuse is received in time from the absentees. The candidates attend the class very punctually and regularly. One batch of 8 students has already been trained and discharged. They have been told to teach all they have learnt to their own Panches and members whose knowledge will be examined at the time of considering their remuneration from the societies. And they have also been told to prepare themselves for an examination before some selected Directors of the Bank. It is hoped that a few of the candidates who turn out best in the examination will be accommodated with the posts of Upadeshaks for their respective groups of societies if the idea is approved of by the Registrar.

#### APPENDIX B.

### A Note on Co-operative Paddy Sale Societies for Orissa Villages.

Almost every householder in Orissa grows paddy and a very large proportion sell their surplus after keeping sufficient for their consumption.

Landowners, mahajans and other substential people hold over their stock until say June or July when price of paddy is very high and get substantial returns for their prudence in holding over.

People of small means have to begin to sell in January and February as they have to pay rent, interest on debts and purchase cloth and other, necessaries of life. These people have to sell when the price is lowest and connot afford to wait till May or June to earn a little extra profit. The extra profits in their case go to the middleman—generally, the Marwari or the Maiman merchant.

Here is a simple scheme for helping these small producers to get for themselves the profit which middlemen get under present circumstances. They can do so by combining among themselves and starting Co-operative Paddy Sale Societies.

Let Co-operative Societies be formed in villages with moderate capital. Let these be registered under the Act. Let the Societies borrow some money if necessary.

Let members bring all their Surplus produce to the society in say February and March and let the society purchase the same at the current market rate.

Then let the Society store the paddy for say 5 months and sell their stocks in June or July when prices are pretty high.

The profits after making allowances for a reserve fund, interest on borrowed capital and incidental charges can then be distributed among the members in the shape of bonus, thus enabling them to enjoy the benefits of selling their produce almost at rates at which their monied brethren usually sell.

I append below a few rough calculations to explain my meaning.

Suppose 10 householders start a society with a capital of Rs. 200.

Let them borrow say Rs. 800 in February and begin their transaction.

Suppose paddy sells in February at the rate of 25 seers a rupee. Suppose these members have among themselves surplus paddy worth 1,000 rupees which they must dispose of in February and March. Let the society purchase 25,000 seers of paddy from its members with its capital of Rs. 1,000. Then let it store the paddy up till June and sell it early in July when paddy is selling say at 15 seers per rupee. They will get Rs. 1,666 for their stock. What will be their profit?

#### RECEIPTS.

Sale of 25,000 seers of paddy @ 15 seers per rupee	• • •	Rs.	1,666
Expenditure.			
Purchase price of 25,000 seers of paddy  Interest on Rs. 800 for 6 months @ 12½ per cent. per annulation of the second storing, allowances	ım	Rs.	1,000 50
dryage, etc	•••	,,	50
Profit		Rs.	1,100 566
<i>,</i>		Rs.	1,666

Out of this gross profit of Rs. 566, 25 per cent., i.e., about Rs. 142 will have to be taken to the reserve fund. This will leave Rs. 424. Let dividend at 12 per cent. be given on the paid-up capital of Rs. 200. This will account for enother Rs. 24. The balance Rs. 400 is available for distribution as bonus.

Now take the case of a member who had to sell 100 rupees worth of paddy in February and March. Under ordinary circumstances he would have got Rs. 100 only. This he gets now also in February or March as soon as he brings his stock to the society. In addition, in July after the transactions are completed, he gets another Rs. 40 which is practically a windfall to him and which will help in making life easy to him for the remaining months.

Will every householder in Orissa think over this scheme? Where 10 men or more in the same village are satisfied that the scheme is sound and will benefit them, let them form themselves into a society. Government has provided one Honorary Organiser for each Sub-division, and this gentleman will help them in obtaining registration of their society and will arrange for the borrowed portion of their capital.

HARIDAS ROY,
Deputy Registrar, Orissa Division.
24-3-19.

### **EXTRACTS AND SELECTIONS**

### 1. Mr. Devadhar on the "Message of Western Co-operation."

Under the auspices of the Bombay Central Co-operative Institute, Mr. G. K. Devadhar delivered an address on the "Message of Western Co-operation" His Excellency Sir George Lloyd, the Governor of Bombay being in the Chair. Mr. Devadhar in the course of his remarks said:

"Now that India has acquired a valuable experience during the last fifteen years from the application of co-operative principles to agricultural life in the solitary direction of credit to some extent, it is high time now that she should adopt other useful lessons to enable poor people to reap very great profit by applying the same principles to other important phases of agricultural life and to the general life of small traders and poor wage-earners and the struggling middle class in solving some of their urgent problems."

Examining the comparative development of co-operation in the different countries of Europe Mr. Devadhar said: In Russia at the outbreak of the War there were 35,000 co-operative societies and at the present moment there were 54,000. The Siberian growth has been very phenominal. The educational activities in this branch seem to be very striking. The movement in Germany has been largely agricultural there being 29,082 co-operative organizations for the improvement of agriculture with a membership of 2,800,000 whereas the distributive co-operative societies numbered 1,079 with a membership of 2,052,139. Thus in Germany there were over 3,000 co-operative concerns distributive and agricultural with a total membership of nearly 5 millions.

As compared with this growth, the progress in India during the last fifteen years is not quite negligible. There are 26,400 societies to-day with the total membership of 10½ lacs and the amount of working capital stands at 14½ crores of rupees. In these three respects it is a matter of congratulation that our Presidency of Bombay stands ahead of the other two major provinces of Madras and Bengal in proportion of population. The Bombay Presidency has done a considerable amount of non-credit co-operation both agricultural and non-agricultural such as manure, seed, cattle-breeding and housing, etc., etc., and it appears that the Bombay co-operator has shown more initiative and originality in these spheres than his compatriot in other provinces. The Indian movement like the German movement has naturally developed a large number of financing instructions useful to agriculture because of the need that existed and still exists. The greatest need of the Indian agricultural population was the cheap and facile credit and this has

been secured to some extent by this movement inasmuch as out of the 26,465 societies, 24,141 are agricultural societies and 1,450 are non-agricultural societies. The public confidence in the movement seems to grow as the proportion of loans and deposits from non-members has nearly doubled in the course of four years, and represents 31 per cent. of the total capital.

India wants better production, increased provision of food stuffs, and more equitable and cheap supply of necessaries of life, as has been observed during these recent days of control. There is, besides, the crying need for better housing, better sanitation, etc. We co-operators believe that these new problems will to a large extent be helped by the application of co-operative principles. Besides Indian agriculture needs development and improvement on a large scale and Ireland and Denmark, comparatively very poor countries, have shown how co-operation could assist this industry and bring it in line with modern conditions. In the plans of reconstruction which India will have to take up soon the co-operative movement will play a large part and it is our duty to-day to prepare the ground for these large developments by the spread of primary education coupled with rudiments of scientific and agricultural knowledge and particularly by initiating the people in the principles of co-operation.

Mr. Devadhar said, if co-operation could achieve such wonderful results in several fields of human activities in the West, it was needless to say that there was great need in India to-day for the wider spread of this movement with its budding industrialism, high-soaring nationalism, and enchanting democracy. In the plans of reconstruction which India would have to take up soon the co-operative movement would play a large part and it was their duty to-day to prepare the ground for these large developments by the spread of primary education coupled with rudiments of scientific and agricultural knowledge and particularly by initiating the people in the principles of co-operation.

How was the result to be achieved? So for in India it must be recognized frankly that a great deal of work of initiation, administration and education in this co-operative field had been attempted by Government. The intelligent public had not yet taken a proportionately large part and so long as they would fight shy of this movement, the character of the movement would not be largely popular. In the West the movement had been entirely popular, because people felt the great need for it and engineered it and raised it to its present pitch.

In India to-day the ultimate responsibility of conducting the movement still rested with Government. There was a growing tendency to bring it under popular control or to make it as non-official a movement as possible. So long as the ideals of the movement were clearly and closely adhered to the joint work of both the Government officials and the leaders of public thought and action would yield better result especially, when there was a very large field crying for co-operative expansion. This was a matter in which the

principle of co-operation in work should be put into practice, though it would be quite in keeping with the traditions of the movement and its aims if the people at large, whose needs were to be satisfied, interested themselves more extensively and thus obtained adequate voice in its management. It was all a question of work. It was a fortunate circumstance that Government were anxious to extend the basis of this movement and make it as largely popular as possible.

#### AN APPEAL TO THE PEOPLE.

It was now for the people to respond to the call. There was on the continent of Europe a strong co-operative press, a great effort is made to train people in co-operative principles and methods by means of classes and They started in Bombay five years ago a class to train secretaries and its work had gone on well. Several countries sent men to England and Denmark to learn co-operative principles and to imbibe the spirit of the movement, and to draw inspiration and instruction from it. He had heard of the parties of Americans, Australians, Canadians, French and Russians coming to England and Ireland and visiting Denmark in order to make a detailed study of their methods of co-operative work, and to make a long stay. If Indian co-operation in the near future was to develop on Western lines, he was of opinion, that the Indian Government and the leaders of public opinion should also organise similar parties or commissions of wellequipped agriculturists to pay visits to England and other countries like Ireland, Denmark where they could require a new faith and a new creed. He had had opportunities of discussing the scheme with very responsible people in England and they had approved of it immensely and he would, therefore, urge upon his friends in Bombay and the Bombay Government to take a lead in this matter and show the way to the rest of India. Let the Government and the people form a joint committee to examine this scheme.

### 2. Women and Co-operation.

In the June number of the "Hindustan Review" Mr. K. S. Abhyankar contributes an article on "Woman and Co-operation." The subject is a very interesting one, and the writer in dealing with it traces directly what part woman has played in the field of co-operation. As a customer it is for woman to understand "the differences between pure goods made under fair conditions and cheap and nasty articles produced under quite other conditions. If the local store is stocked with, let us say, the soaps, cocoas and jams of private firms, instead of the soaps, cocoas and jams produced by the wholesale, it is chiefly because customers will have it so." Women can understand, the writer says, if they discriminate rightly that their interests as social beings lie in the spread of the co-operative movement.

Then he discusses at length the history of the co-operative movement in England, Scotland and Ireland. In western countries, women are not only house keepers, but purchasers as well. He describes the movement in England as "a self-governing organisation of women, who work through co-operation for the welfare of the people, seeking freedom for their own progress and the equal fellowship of men and women in the home, the store, the workshop, and the state." He pays a glowing tribute to Mrs. Acland, the first secretary of the Guild, to whose efforts are attributed the success of the movement. To-day in England women are share-holders, members of educational committees, delegates to co-operative congresses and what not. All questions affecting women's social and political life are discussed at various conferences. Then he treats about the history of the movement in, Scotland and Ireland. The work done in Ireland is supplemented by an organisation called "The United Irish Women." Mr. C. W. Russel is a great believer in woman's co-operative movement. "Women" says he, "however they may err as individuals are concerned collectively far more than men about the character and well being of a race." Elsewhere Russel says "we cannot build up a rural civilization in Ireland without the aid of Irish women. It will help life little if we have methods of the twentieth century in the fields and those of the fifth century in the home."

The war has done incalculable service to the woman's cause by providing opportunities for her to distinguish herself in various walks of life.

The unit of co-operation is the home. The sense of corporate social existence is a thing which deserves to be brought home to the minds of Indian women; as they have not yet realized the possibilities of the co-operative movement. "Development needs freedom" is a favourite maxim as much of pedagogy as of politics. Nor is the truth of less force when applied to women. We can never exaggerate the fruits of emancipating her from the prison of the home, to play a part in social existence. Her present sense of perpetual dependence on others must vanish in the matter of co-operation. The writer advises us that co-operation on the part of women is all the more necessary since "an interesting development of the day is the breaking up of the joint family and the migrating to cities by small families." This is indeed wholesome, considering the benefits which would derive from a joint family without involving any serious disadvantage. But what about the "immemorial" social restrictions on womanhood? Will "man" play the better part by heaving out a path for womankind?

#### 3. Mr. Ewbank on Co-operative Trading.

A lecture on "Co-operative Trading" was recently delivered in Bombay by Mr. R. B. Ewbank, i.c.s, Registrar of Co-operative Societies, Bombay Presidency, in the rooms of the Anglo-Indian Empire League under the presidency of Lieutenant-Colonel H. Gidney.

The President, after introducing the lecturer, said it was because the Anglo-Indian community as a whole, was inert as to its future, that it remained today, so poverty-stricken. It was to blame individually and collectively; individually because it was too selffish and unmindful of its poorer members, and collectively because it was so pregnant with a pseudoconceit and veneer of superiority that it considered manual labour and co-operation beneath its dignity. If they were to make good their position in India they must co-operate.

Mr. Ewbank, in the course of his lecture, said of the various results of the war he did not think there was any result which was more significant and more startling than the widening gulf between the rich and the poor. It was the direct result of the war. It had not been sufficiently recognised that the war had produced high prices and that the high prices had widened that gulf. If at the present state of things was allowed to go on, they would see in India that state of economic turmoil which was now prevailing in the West. The only remedy for reconciling this widening gulf between the rich and the poor was co-operation and now was the time to apply that remedy.

The lecturer then proceeded to explain the distinctive features of the co-operative movements existing in England and those started in India, and the difficulties in the way of improving the condition of the ryots. The starting of co-operative stores, he said, was the most difficult stage of all co-operative movements and the Anglo-Indian League had rightly started with that most difficult problem of co-operation. The ordinary Indian population in a small village was not capable of managing such stores and this want of capacity had resulted in many failures. They had made a good beginning in many places in the Presidency and Mr. Ewbank hoped that with the spread of education and training and the lessons learnt in this war and famine many co-operative societies would spring up in India just as in Russia the big famine of 1894 was followed by a big outburst of store organisation.

Among the various difficulties which they had to contend with in India, the lecturer said, experience had shown that the greatest difficulty was to find out the best wholesale firms and to get in touch with them. The great bulk of the people who took up co-operative stores were not acquainted with business methods and the movements of markets. Another difficulty was dishonesty on the part of the people who ran the stores, which had resulted in many stores being shipwrecked or scriously crippled.

After mentioning various essentials to be observed to ensure success Mr. Ewbank said the Act which governed these co-operative stores as it stood at present had acted as a handicap in several ways. Among these he mentioned the system of checking and auditing the accounts of such societies by Government and the rule which laid down that 23 per cent. of their profits should be carried to reserve, etc. Mr. Ewbank said Government had under contemplation a revision of the Act with a view to relaxing those restrictions so as to give a greater stimulus to the starting of co-operative stores. Such removal

of restrictions might multiply the failures but at the same time it would also increase the chances of success in the case of many more concerns. That was only a negative help which the Government were going to give to the movement but it was also hoped to start a separate branch of the department for helping co-operative stores, chiefly in the direction of telling them how prices were moving, where to get their supplies from, the local practices, of particular places, etc., so as to put the stores in a position to order direct from producers and wholesale firms.

### 4. Dr. J. Matthai on the Co-operative Movement.

The second of the series of lectures arranged by the Y. M. C. A. was delivered by Dr. John Matthai, Assistant Registrar, Co-operative Societies, at the auditorium, on "The Co-operative Movement." Dr. Gilbert Slater. Professor of Economics, Madras University, presided.

Mr. Matthai began by saying that co-operation was an association of individuals or small bodies of individuals to secure the advantages of large an powerful organisations without, at the same time, losing their individuality. It involved two things, first, the association of individuals in small local societies and, secondly, the federation of these small societies into one or more larger groups. Such an organisation represented two principles of very great consequence. First the personality of the individual was safeguarded in the small local group. At the same time the individual was not allowed to lose himself in his own little narrow horizon, because he needed the material strength and the wide vision which came of belonging to a large group. The co-operative movement, in this respect, was trying in the sphere of economics, to work out a solution for a problem which had been at work in many spheres of social history. The initial impulse to the co-operative movement in many countries was often supplied by the prevalence of a time of acute scarcity. It was the great scarcity that followed the Napoleonic wars that started the movement in England. It was the famine of the forties of last century which started it in Germany. It was the famine of 1901 in India which drew Lord Curzon's attention to the necessity of legislation on co-operative credit, and it was very likely that the food scarcity of the recent months would give the impetus to a great development of co-operative trade in India. The extent to which Co-operative Societies in Madras took advantage of Messrs, Best and Co.'s offer to supply Burma rice was an indication of what was coming.

Co-operation was generally divided in text-books into agricultural and industrial co-operation. But this was a rather unmeaning distinction—a distinction without a difference. A more sensible division was into financing, trading and productive societies. Different countries started co-operation at different ends. England started with trade, Germany practically with credit and Ireland and Denmark with production. All three forms of co-operation,

however, must go together. Credit, trade and production were inseparably linked together. In India we started with credit partly because, of all European countries' Germany with her predominant population of small holders seemed to come nearest to India and Germany was accepted as the model partly also because we had the advantage of various forms of indigenous financial co-operation in the country which supplied a good starting point. The speaker then described the growth of the credit movement in the Madras Presidency, which, he said, had now so well and firmly established itself that there was no reason for anxiety either as to the methods or as to the rate of progress.

The real problem now of co-operation, was the development of trade. Co-operative trade was intrinsically more difficult than credit. It required a knowledge of the market, it was more risky, it called for more discipline and stricter business habits. The immediate practical difficulty with regard to co-operative stores was this. When you started a credit society, you offered money at a slightly cheaper rate than prevailed in the locality. That was an obvious and immediate economic advantage which was sufficient in many cases to keep the members loyal to the society. In a co-operative store the principle was different. You sold your goods to members at market rates for fear of stimulating the rivalry of local traders and kept the surplus for division at the end of the year for distribution as dividend on purchases. The advantage offered was, therefore, remote in point of time and often failed to attract people in the early stages. It might be possible to get over this difficulty by (1) more frequent distribution of dividends than once a year, and (2) by reducing the reserve fund and making a larger sum available for dividends.

In England the co-operative stores invariably sold goods to non-members as well as to members. It obviously increased the business of the society and it introduced strangers to the society who might afterwards become members. Some people, who certainly knew what they were talking about had urged the adoption of this practice in India. But some considerations should be remembered before a final decision was taken. If a large number of people who did business with the society had no interest in the management of the society, you developed a clientele without a sense of responsibility which went against the root principles of co-operation. Also in the early stages, if non-members as well as members could purchase, there was no inducement for a person to become a member except the prospect of a remote and hypothetical dividend. In any proposal to adopt the principles of the English store in India one great difference between the co-operative movement in the two countries should be remembered. In England, it started entirely as a class movement, there was a strong class solidarity behind the movement which kept members loyal even in the absence of specific economic advantages. In India, it had started as a public movement under the auspices of the State representing the whole community.

Things, however, were beginning to move in co-operative trade.

The system of trade on indent, started two years ago, had certainly caught on, and recently trading unions had been started to which societies were affiliated which collected orders from their members and bulked them. Quite recently the Board of Directors of the Triplicane Stores, with great wisdom and patriotism, resolved to admit mofussil societies as members of the store. The Triplicane store would thus become, in effect, a trading federation for the Presidency. It was impossible to over-estimate the advantage to the whole movement of having a large co-operative store at the capital of the province, which had been in existence for fourteen years and enjoyed the direction of some of the ablest and most enterprising citizens of Madras.

Dr. Matthai concluded by laying stress on the training afforded by a Co-operative Society in organisation and self-management.

The Chairman, in his closing remarks, said that while he agreed with much of what Dr. Matthai said, he differed from him in his view about the applicability of English co-operative principles in India. The question of sales to non-members was one on which he was prepared to accept no compromise whatever. It had been tried frequently in England and found successful. He also urged more prompt audit of co-operative stores, more frequent distribution of dividends and a reduction in the share of profits that went to the reserve fund.

#### 5. Agricultural Problems of Bengal.

The recent Government Resolution on Agricultural Development in Bengal deserves careful consideration from the educated public of Bengal.

Agriculture is, in Bengal,—as in the rest of India—the staple industry of the people; for, out of a total population of 46 millions in the Presidency of Bengal, 353 million persons, or nearly two-thirds of the population are supported by pasture and agriculture. "Nearly 30 millions, or two-thirds of the people, are ordinary cultivators, while 1,200,000 or 3 per cent. are maintained by income from agricultural land, and nearly 3 millions or 7½ per cent. come under the head of farm servants and field labourers." If Bengal is to be prosperous, the conditions and methods of agriculture must be improved and greater efforts must be made to enable the ryots to get better value for the products of their labour. What is the present position of the Bengal ryot? He is generally speaking, an illiterate but fairly intelligent man—a member of a joint family cultivating his small plot of land with his old fashioned plough and half-famished cattle and reaping a harvast which discloses the woful exhaustion of the soil and its comparatively scanty yield per acre. The harvested crops are made over to the mahajan or to the local Marwari agent at prices which are considerably lower than the market prices; the ryot thus scarcely gets the benefit of the high prices of agricultural produce now prevailing in the markets. Owing to his lack of education, marrow outlook, suspicious attitude and fatalistic temperament he can nor,

and does not, try to improve his methods of cultivation or to increase the productivity of the soil. The result is that year in, year out, he is over head and ears in debt either to the mahajan or to his cheaper representative of the Co-operative Credit Society. If the causes and possibilities of the famines are to be removed if the problem of high prices is to be solved, if the prosperity of the people is to be fostered, the conditions of agriculture in Bengal must be improved. What then, are the hindrances to agricultural improvement People will generally answer—Illiteracy and conservatism of the But more than illiteracy, the apathy of the educated classes and the Zeminders, their desertion of the villages, their absenteeism, their complete "Uubanization"—if I may so call it—is mainly responsible for the deterioration and stagnation of agriculture in Bengal. Proof of this apathy and aloofness of educated Rengal is to be found in the inexplicable absence of my chair of agricultural chemistry and Economics in the University of Calcutta -although agriculture is the staple industry of the province. The Government of Bengal have done well in inviting the attention of the educated public to the great necessity for co-operation and active assistance in improving the condition of agriculture. Too much is made of the conservatism of the vots, but as the Resolution says "individually, the agriculturist is ready; experience in this country has shown that if he can see with his own eyes the value of an improvement, he will adopt it." Organization and educated leadership are the needs of the hour Organize them into small agricultural associations which would test or adjudicate on suggested improvements, discuss their success and failures with each other, and bring their needs to the notice of the Agricultural Department: Such agricultural associations have been formed in the District of Birbhum and have proved very valuable instruments of local agricultural progress. Or, again, organize them into Co-operative societies for the joint and combined purchase of seeds and implements and for the joint sale of agricultural produce. But for this work of organisation and for bringing about an agricultural renaissance in Bengal patient and sustained educated leadership is necessary-The work of the educated classes will be much facilitated and the progress or agriculture will be much accebrated if a well thoughout scheme of practical agricultural education is put into practice in all parts of the province. To train teachers for imparting such instruction an Agricultural College should be established to impart free instruction in the theory and practice of agriculture in all its May not such college be started in connection with the Naogaon Ganja Cultivators' Co-operative Society, Ltd. which, with its assured annual income of about five lacs, can and ought to finance such an institution for the benefits of agriculturists in Bengal? But even the best practical education is given to the agriculturists and the greatest efforts are put forth by the educated public for the organization of agriculture in Bengal; the maximum results may not be achieved owing to the presence of a few disturbing factors.

(1) The most obstructive hindrance to the development of agriculture

in Bengal is the excessive sub-division and fragmentation of holding due to the operation of the Hindu and Mahomedan laws of inheritance. As Mr. Keatings has pointed out "no orderly development, no effective improvement can take place in a holding which is the wrong size and shape and which has no stability."

Dr. Harold Mann has also called attention to the evils of excessive subdivision and cultivation of scattered fragments of land. He points out that cultivating a holding of small scattered fields has the great disadvantage of preventing the use of machinery and labour saving appliances. Excessive fragmentation prevents effectually any outsider with capital from entering on cultivation on a large scale in the village. "When a man may have to deal with twenty or thirty or even more landowners, in order to get a stretch of thirty or forty acres, any one of whom can spoil the continuity or selfcontained character of his cultivation, nine men out of ten will refuse to have anything to do with the scheme." Then again, the impossibility of introducing outside cultivators with more enterprise working on a large scale, makes the introduction of new and better ideas in agriculture more difficult. The remedy for this state of things is the consolidation of holdings: but there are almost insuperable difficulties, mostly legal and sentimental. in the way. The importance of the question has not yet been felt in Bengal, but it has been widely recognized in the Bombay Presidency where it has received attention in the Bombay Legislative Council on more than one occasion during the past two or three years. Unfortunately, however, the effect of laws creating occupancy tenures and permanent ryotwari and zemindary holdings has been greatly to increase the difficulty of re-arranging and enlaring holdings. The experience of other countries supplies ample precedent for the special intervention of Government to secure this end. problem is of great importance and it should engage the special attention of Bengal zemindars and publicists who should consider whether there should be a law of impartible estates or whether there should be a law defining the minimum limit of an "economic holding."

(2) It was expected by the authors of the permanent settlement, that the limitation of the Government demand on the Zemindars would limit the latters' demands on the tenants and thus leave them a sufficient margin for a contented life. But the system of sub-intendation which has been introduced since that time has not given the desired relief to the ryots, who have to pay for the profits of a large number of middlemen every one of whom successively leases his lands to the subordinate tenure holder at a profit. This profit is enjoyed by them without their contributing anything forwards increased production.

There are a few other factors operating against the progress of agriculture in Bengal; but, in the absence of definite information about them, it is

difficult to weigh their relative importance. I shall briefly refer to them here:--

- (3) Is it a fact that a considerable portion of available agricultural labour has been, and is being, diverted to the mill and the factory? If so, is the diversion hampering agricultural development in any way?
- (4) What is the state of agricultural indebtedness in areas served by Co-operative Credit Societies and in areas not served by them? Is there any truth in the statement that the indebtedness of the ryot has increased instead of having diminished since the introduction of the Credit Societies? I submit that enquiries should be started in two or three selected areas to test the truth of these allegations.
- (5) Are there any statistics to show the nature and extent of the alienation of lands from real agriculturists to money-lending and professional men? Does such alienation accelerate or retard the progress of agriculture in Bengal?

Now that the Government Resolution has invited public attention to the importance of agriculture, I hope there will be a careful discussion of the problems described in this article and wiser heads will try to find solutions of those problems.—"P.M." in Capital.

# NOTABLE UTTERANCES

#### H. E. Sir George Lloyd's Speech.

Presiding at a recent meeting held under the auspices of the Bombay Central Co-operative Institute H. E. Sir George Lloyd, Governor of Bombay, said: - Ladies and gentlemen, - The account of co-operation in other countries, which Mr. Devadhar has been unfolding to us for the last half hour, has been a most interesting one, and before saying anything else I am sure you would wish me to thank him most heartly in the name of all present for the trouble he has taken to deliver so useful and stimulating a lecture. Institute is fortunate in having as its first lecturer one who has but recently been Home to England and has had the opportunity of visiting the various countries on the Continent where co-operation is flourishing. Mr. Devadhar, like all those who have been trained in Mr. Gokhale's school, is a practical man. His lecture to-day shows that he has very clearly imbibed the lessons to be learnt from co-operative work in Europe, and I trust that he and other members of the Servants of India Society, who have done so much already to further the cause of co-operation, will find many more opportunities for giving to others the benefit of their experience. It has been said. tion knows no frontiers," and I hope that Mr. Devadhar's example will be followed and that other co-operators will be encouraged to travel and to gain from practical experience the valuable lessons to be learnt from the successes and failures of co-operative institutions in Europe. Well, gentlemen, you have had a long speech from Mr. Devadhar this evening and I do not propose to keep you long. But I fell I must touch on one particular branch of co-operative activity of which we are going to hear a great deal more in the near future.

Up till the present time co-operation in India has been almost entirely organised for the purpose of supplying credit to agricultural communities. This is perfectly natural, and it must at once be recognised that this is and always will be the most important side of co-operation in India. It seems that although we have as yet only touched a fraction of the population, the general lines upon which development has to proceed have been firmly laid down, and that we can safely leave the future expansion of co-operative credit to the experience, and initiative gained by the large number of societies and people, who are now thoroughly conversant with the doctrines of co-operative credit. There is, however, at the present time a growing and wide-spread demand for the establishment of societies connected with production and distribution. The shortage and high price of supplies during the war and the famine, the difficulties arising from deficient transport and

the profiteering that has unfortunately been practised throughout the Presidency during the last few years have awakened the public to the urgent need of co-operative stores and supply unions. There is, it appears, a very real demand in many districts for the establishment of stores of this kind: but there have so far been no experiments of this kind made, and it is necessary to provide some organisation to advise budding societies as to the trend of prices and put them into touch with reliable wholesale firms and help them in tackling the railway authorities and giving them expert advice of all kinds. The functions of the new Assistant Registrar would be not to control, except to a very slight extent, but to give expert help and advice. He would be closely in touch with the Committee of the Central Co-operative •Institute, which consists of business men. Government are fully aware of the essential difference between societies of this nature and credit societies, and of the fact that, while a considerable amount of Government assistance and control is necessary for the former, it is essential to the success of the latter that they should be as free as possible from the restrictions and delays which are the inevitable accompaniment of Government supervision.

These supply unions will entirely depend for their success on the establishment of central wholesale discribution stores, and it is essential that these stores should be run on a business footing by business men, and I look to you gentlemen of Bombay, therefore who have established so wide a reputation for generosity and courage in starting new ventures, to come forward and place this movement on a firm and established basis by supplying the funds and the brains necessary to the establishment of this central store. Co-operative societies in this Presidency owe a deep debt of gratitude to Sir Vithaldas Thackersey who, with the help of the Hon. Mr. Lallubhai Samaldas and others, inaugurated the Bombay Central Bank and the success achieved by the Bank, which has proved the very mainspring of the movement, will, I hope, encourage you to establish a similar central institution for the support and encouragement of the new societies There are, as any one who has listened to Mr. Devadhar's lecture to-night will have realised, endless possibilities in the successful development of such a movement as I have In the Punjab considerable progress has already been made and I hear that societies started there have proved most successful. I do not wish the Bombay Presidency to be behind in anything and least of all in a matter which demands business acumen and a spirit of co-operation, and I am sure you will make this new movement a great success!

And now, gentlemen, I must say a few words about the Institute under whose auspices these lectures are being arranged. I must congratulate its Secretary, Rao Bahadur Talmakki, and all those who are concerned with the organisation of this extremely valuable institution. The response made to its inception was very encouraging, and it seems to me from a perusal of your first report that the board of management has drawn up a very business like programme and has extremely sound ideas as to the work which the

members of the Institute will do and the place which it will fill. But already, gentlemen, there is felt a need for expansion and consequently for more money. More money is needed to organise training classes for secretaries, to give grants-in-aid to conferences, to engage better quarters for the reading room and co-operative library, to engage a permanent librarian and to pay for the initial loss on vernacular journals which are so essential a medium for the propaganda of the Society, and I would therefore appeal to all who are interested in the future of co-operation to subscribe very liberally to this institute which has already given full evidence of its great value.

I cannot conclude without saying one word about Mr. Ewbank, who has been Registrar for more than five years. By his personal enthusiasm and hard work he has been very largely responsible for the success of the movement. The fact that few, if any, societies have failed during the strain of last year's famine, is a sure sign of the firm basis upon which he and other leading co-operators of the Presidency have placed the framework of co-operation. (Hear, hear). Ladies and gentlemen, I wish all success to your institute. I am sure that with your generous support it will continue to inspire and to lead the successful development of co-operation in the Bombay Presidency. (Applause).

#### CO-OPERATION ABROAD

### Organisation of Agriculture.

The Earl of Selborne presided at the annual meeting of the Agricultural Organisation Society. Many practical questions affecting the work of farmers were discussed and the necessity of co-operation was generally urged.

Lord Selborne, in moving the adoption of the report, said that the past three years had been the turning point in the history of the society and an immense change had taken place for the better. Experience of Government control and increase in the cost of labour and production had brought home to those engaged in agriculture in this country the necessity of combination for business purposes. A society such as theirs was absolutely essential, and he was glad to know that they had won the confidence of the farmers as well as of the Government (Hear, hear). Every part of the country was now provided with its own branch organisation which made it possible to follow up promptly the openings for fresh co-operative work among farmers which had arisen in increasing numbers since hostilities ceased. The most striking feature of the work of the past six months had been the formation on a country basis in various parts of the country of large societies equipped not only for the supply of farm requirements, but also for the disposal of the principal articles of produce.

The operations of these societies were based on the principal market towns and the recognised trade routes, and most of the new societies were making a special feature of establishing depots to serve the various portions of their areas and of appointing local committees to supervise the working of these depots. The attitude of the society towards the general co-operative movement was nothing but friendly and fraternal, but it would have been a fatal mistake for an organisation of producers to have put itself wholly in the hands of an organisation of consumers. These fraternal relations, which he hoped to see permanently established, could only be maintained of the society was independent of external assistance. This independence could not be achieved without the aid of such a body as the Agricultural Wholesale Society, and until they had cut themselves free from Government support. Unless farmers and landowners would unite in supporting the local societies, the Agricultural Organisation Society, and the Agricultural Wholesale Society, the agricultural co-operative movement could not meet with success, especially at a time when every other industry in the country was thoroughly organised from top to bottom,

Among other matters referred to in the report, the adoption of which was seconded by Mr. F. D. Acland, M.P., and agreed to, it was stated that the policy of the Agricultural Organisation Society and of the Co-operative Dairy Societies had been the subject of serious misrepresentation on the part of trade competitors, and stress was laid on the success of co-operative effort in dairying already achieved by the societies which had been established. The Organisation Society was convinced that only through the medium of the producer's own co-operative agencies could the milk supplies of the country be increased and the quality improved. Reference was also made to the fact that twenty co-operative slaughter houses had been established in various parts of the country, and that negotiations were in progress with the object of starting many more.

In connection with the organisation of smallholders for the co-operative purchase of requirements and the sale of produce, it was considered that the linking up of individual smallholders with strong farmers' societies offered greater advantages than the formation of separated societies of smallholders, and it was stated that at the request of the Board of Agriculture the co-operative organisation of ex-Service settlers on smallholding colonies had been undertaken. The co-operative allotment movement was making rapid progress.

As the result of investigations made into disturbance of the tenure of allotments and smallholdings satisfactory arrangements were being made in a large number of cases, and the demands of holders for the retention of their allotments in the London parks for two years after the end of the war were being vigorously supported.

Lord Bledisloe expressed the hope that, specially in the interests of the sheep-farmers of the South of England, the organisation would take an early opportunity of resuming its activities with regard to the grading and backing of wool with a view to the organisation of the trade in such a way as to enable our home-grown wool to be put on the market in competition with overseas wool.

On the motion of Mr. Leslie Scott, K.C.M.P., supported by Lord Bledisloe, Colonel Weigall, M. P., was unanimously elected president in succession to Lord Selborne, who was warmly thanked for his valuable services during the past two years.

Colonel Weigall, in acknowledgment of the compliment, urged the desirablity of the labourers' Unions following the example of the National Farmers' Union, joining hands with the landowners' organisations in order that all those engaged in the cultivation of the land might go forward together in absolute community on the business and commercial side of their great national industry.

An address was subsequently delivered by Mr. Leslie Scott pointing out the various directions in which the Agricultural Organisation Society and and the affiliated societies could afford mutual help to one another. As they could not rely on the Government keeping their industry going, agricultural co-operation was of the first necessity for the general prosperity of the country. As the result of the establishment of co-operative slaughter houses he hoped that farmers would get a much larger proportion of the profits from dead meat and offal as well as from the processes of manufacturing inedible offals which before the war principally went to Germany.

Earl Grey, who insisted on the importance of co-operative slaughter-houses in the interests of farmers, stated that there were being passed through the existing slaughter houses every week 1,400 head of cattle and nearly 7,000 sheep. He regretted that farmers objected to the compulsory sale of incat by dead weight as he considered that it would be greatly to their advantage. It was essential that the question of cold storage should be tackled without delay.

Mr. Hincks (Leicester) contended that farmers should have the option of choosing between the two systems of sale by dead weight and sale in the open market, whichever might suit their pockets. Experience showed that the best cattle should be sent to the slaughter-houses and the inferior cattle sold in the open market.

#### INTERMEDIATE PROFITS.

Mr. Leslic-Smith advised farmers for their own preservation to use every means in their power to do away with the intermediate profits between producer and consumer, and suggested that when control was taken off hay and straw farmers should sell them through their local co-operative societies

### CORRESPONDENCE

[We do not hold ourselves responsible for the opinions of our correspondents.]

#### 1. Mr. Wolff on Urban Banks.

To

The Editor of the Bengal, Bihar and Orissa Co-operative Journal.

SIR,

There are two points touched upon in the last number of your 'Journal' which irresistibly tempt me to ask the hospitality of your pages—even at the risk of appearing an irrepressible intruder.

In your "Notes and News" you make the appointment of a Special Assistant Registrar for the development of Urban Co-operation in Burma the peg upon which to hang some very timely remarks upon the desirableness of pushing the organisation of "urban" that is, non-agricultural Co-operation by the side of agriculture, in your country. There can be no question now that we have gathered experience, that quite the right thing was done in directing the attention of the organising power first of all to agriculture, which is the premier industry of India, upon the success of which—as had been recently justly emphasized by the Industrial Commission—the prosperity of the country depends, and which, in India, as elsewhere, as a matter of course, links on the general rural well-being. It may indeed be said of every country, that prosperous agriculture makes a prosperous, languishing agriculture a languishing people. It is the country which produces that which will buy what the town manufactures. But such maxim holds especially good of India.

However, although necessarily ranking second, towns have, even in India, with the immense raiyat population, their distinct and imperative claim to co-operative help and one is bound, accordingly, to rejoice to see attention now paid to this side of Co-operation. There are more claims still upon Co-operation, which we may hope to see honoured in due course. And it is, I think, particularly fitting that a beginning in this new course entered, upon should have been made of all provinces in Burma, to whose resourceful and energetic Registrar, past and present, the Co-operative movement in India stands indebted for more than one very valuable pioneering starts in aid of progress.

The taking up of "urban" business ought incidentally to set at rest the argument in favour of bracketing co-operation administratively with agriculture under one head—which head would infallibly be agriculture. The argument obviously rests upon an erroneous supposition, too hastily conceived. How on earth could the chief of the Agricultural Department look efficiently after the interest of urban co-operation? Let us all stick to our own last and we shall do well. In England we are asking that "Fisheries" should be taken away from the Board of Agriculture, and "Forestry" organized under a separate authority. In Italy 'Agriculture' has, in an administrative sense, been advisedly separated from its traditional companions, "Commerce" and "Industry". Indian co-operation, I trust, will before long be too big a thing to be tacked on to any other Department. And assuredly, in view of the backwardness of the bulk of the people, and the newness to them of the main tasks of co-operation, there is enough work for a separate staff to shoulder in the work to be accomplished under this one head.

Now, as regards the relation to be established, inside co-operation, as an assumed separate entity, between the "agricultural" and the "urban" branches, please do not be misled by a supposed analogy between the circumstances that we are treating of in India and those prevailing in Italy, which my friend M. Luzzati had to reckon with when he began his work, for the conditions in the two cases are essentially different. The relations between town and country are entirely dissimilar—those busy beehive towns of Italy, in which all business and wealth is lumped together, whereas in the country there to the poor agriculturist coins of the realm are things rarely coming into view.

Signor Luzzati began in the towns, having from the beginning and throughout only one form of co-operative credit, admirably suited to business men in towns and such substantial farmers as those of the rich Lodiggiano and Cremonese for which his system has worked wonders in his mind's eye. It was only in 1909 that he was brought round to an approval of the other system, appropriate to the conditions of humble, moneyless cultivators corresponding in their mental and economic position to the Indian raiyat and among them proportionately wonder working as M. Luzzathi's system among the better trained and better endowed business men of cities. Besides the conception of a correlation between town banks and country banks, which he originally favoured, and which Mr. Dupernex had—unfortunately, as I must think-carried into Indian from his interview with the one heretical "co-operative" banker with whom he had conferred-who is indeed a highly competent "banker," but is by no one except himself recognized as a "co-operator"is since a long time utterly played out and exploded. Even in the land of its birth, Italy, it is repudiated. "Urban" banks-so to call them-and "rural" have developed distinctly on entirely separate lines, maintaining their district organization to the end and forming, recently, their own several central institutions. It is only principle which unites them in mutual sympathy in an "alliance" or an "amalgamation". In France the rural banks formed on distinct lines, and delying conclusively upon money coming from the "country" have long since outstripped "urban" banks by a long distance. In Germany where co-operation for credit is out and out most highly developed "rural" banks have no relation whatever with "urban".

Indians will do well to dismiss from their minds the unapt fancy of "urban".banks financing "rural"

There is quite enough work, independently of this, for "urban" banks to do and one would wish to see them—now that conditions appear sufficiently prepared and the public opinion appears to call for them—develop and multiply and gather strength greatly. The humbler class of industry and commerce, which is one of the hopes of Indian development must remain hopeless without them.

Of course the two forms should remain in union. They will do well to join in a common Federation, and, maintain their own, common Central Financial Institution. By this means that well-known difficulty, to which you rightly refer, namely the alternation of plethora and anaemia in institutions serving a membership composed of people exclusively of one class may be effectively got over.

To advert to another subject in Mr. Dutt's otherwise excellent paperwhich I join with you in hoping to see widely read-there are two points that call for comments. Mr. Dutt appears to feel disappointment at the fact that, notwithstanding the creation of Co-operative Banks, raiyat indebtedness keeps increasing. But what else are Co-operative Banks then for? Credit is nowa-days the great driving wheel of all business. It is what men of business operate with. Joint Stock and private banks make their living by borrowing all that they can get. A leading Director of one of our largest Joint Stock Banks, a noble lord, dead, I think, a few years, made a standing boast to me of the enormous indebtedness of his bank, which indeed holds among all the largest amount of deposits. The United Kingdom has an incomparably large debts than the Republic of San Marino but is richer in proportion. Merchants and manufacturers, as the Americans call it "merchandize with money." The commercial man, so the late M. Bernaert, while on Prime Minister, and for a long time speaker of Parliament in Belgium, put it, "glories in his credit" which means his indebtedness. The agriculturist requires working money as well as the merchant. It is, according to the proverb "money which makes the mare to go." But he has not got it. And Co-operative Banks were expressly invented to supply him with it, not to frighten him out of using it. The crucial point in the problem is this, that the money borrowed should be remuneratively invested, so as to yield a profit upon the employment. Now it is the special recommendation of "Co-operative" banks, as contrasted with others, that so long as they are properly conducted, enquiring about the object for which loans are asked and forcibly holding borrower to such object, they ensure such employment, making the loan

fructifying, instead of risking it is becoming like a Malayan's loan. India should stick to that safeguard and rejoice instead of complaining in raiyats becoming, on such lines, more and more indebted. After a time the point will be reached at which the older among your customers, having accumulated enough, will need no more credit. But we have not yet got there by a long way.

Another point is this. Mr. Dutt will have it that "the Indian farmer is second to none in the world in agricultural skill" and he goes on to show conclusively that in very truth the said cultivator is utterly wanting in such "skill" in as much as he produces only half or one-third crop and cannot succeed in making his agriculture pay! Evidently what Mr. Dutt means, and what he is justified in asserting is, that the Indian agriculturist is second to none in intelligent, painstaking, patient manual work-definite use of his spade and his hoe and in the making and employment of that "reh" which so hopelessly puzzles us Europeans. He is like the well trained soldier, who knows admirably how to handle his rifle and execute military evolutions, but cannot for the life of him conceive how to employ such "skill" so as to ensure victory in the place of defeat. The "skill" of startegy is worth a hundred times more than that of individual tactics, the skill in making a "business proposition" of farming more than that of hand hoeing a row of plants. By all means let the Indian raivat retain the skill that he knows and receive the credit due to him for it, but let him add to it—all his future prospects depend upon that—the far more valuable knowledge of making agriculture to pay. For this, so I may add, he appears to be exceptionally well situated in India. For no country, so I believe, is better officered agriculturally.

Kindly pardon the length of my lucubration and believe me, sir.

Your obedient servant, (Sd.) HENRY W. WOLFF.

# 2. Supervisors of Co-operative Societies.

To

The Editor, Bengal, Bihar and Orissa Co-operative Journal.

SIR,

The Supervisors of Co-operative Societies are the most important function are in the machinery of the Co-operative administrator in the province of Bengal Behar and Orissa. As a practical worker in the movement, I am convinced that their standard of efficiency is not what it ought to be. They are, so to speak "the eyes and ears" of the Co-operative

administrator. Make these sharp and responsive, the health of the whole Co-operative body is bound to improve, allow them to be atropic, and the whole movement will deteriorate. It seems to me, that there is a very large scope of improving this very important class of Co-operative officers.

It is the Supervisor who has to visit the societies and carry on instructions for improvement of the rural societies. The audit notes contain elaborate sets of questions and answears regarding the "Co-operative standard" working of the rural societies besides questions about accounting etc. Now have we got a machinery for instructing these supervisors about the various principles of Co-operation, and the true meaning and significance of the movement itself. As the standard of efficiency of most of our supervisors at present stands, most of them do not understand the Co-operative principles themselves. How can such men be expected to train others in matters which they themselves do not know? Though the teaching of the members of rural societies the proper methods of writing up accounts is important I would place it much lower than the teaching of Co-operative principles.

Unfortunately there is no institution in this country at present where these officers can learn these. The system of departmental examination is but a poor substitute. You can not expect one blind man to show the way to another. You can not also expect a superior himself unacquainted with Co-operative principles to teach these poor and ignorant members of our rural societies.

I am strongly of opinion that the only way to bring our societies to the deserved standered of efficiency would be by improving the standard of efficiency of these supervisors. I do not know the exact number of supervisors in Bengal, I should think that the member may be between 150 to 200 men. There is a slack season as well as a brisk season in the work in a supervisor's area. This slack season may not be the same in case of all the districts and all the areas.

I would suggest that no time should be lost in creating a Central Institution in Calcutta for the training of these men in batches. In this institution these men should be taught.

- (1) The principles of general economics so far as they are in connected with Co-operation.
- (2) Co-operation—both in India and abroad.
- (3) Banking, book-keeping and accountancy.

The course of training must at least extend for six months. After the completion of the course the officers must undergo an examination. If they are successful they will be entitled to a certificate of efficiency if not, they may be allowed another chance during which they will be entitled to half the usual allowance from the C. B. People failing to pass in this second chance may be declared ineligible for service under any C. B.

Annually, a small number of selected Hindu and Mahomedan students

possessing some requisite standard of education may be similarly trained up and declared eligible for employment. It may be made compulsory for Central Banks to confine their selection of supervisors to this class of men and no other.

The Central Institution in Calcutta need not be a costly affairs. I hope it will be possible for some of the expert co-operators and professors of economics in the Calcutta Colleges to take up this work in addition to their existing work for a small additional remuneration. To some of them this will be a labour of love. It may also be possible for some of the muffasil workers to help the work. The Registrar's staff of expert auditors may also be utilised for the work. The cost may be borne partly by the department, partly by the Central Banks who will be vastly benefited by this scheme. It may also be possible to the existing supervisors to bear a portion of the cost of their training.

The matter seems to me so important and urgent that I felt it my duty to place it for the consideration of the public interested in the movement.

TARAKNATH MAITRA,

Deputy Chairman.

Pabna Central Co-operative Bank Ltd.

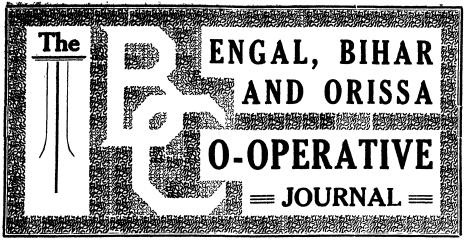
## REVIEWS AND ACKNOWLEDGMENTS

We welcome the appearance of a new economic journal "Commerce and Industries" which has begun to appear since July last. There is no doubt a great want of journals to spread correct ideas on economic subjects; and from the get up of the first number it would seem that the present journal will take up conscientiously the task of the dissemination of fruitful economic ideas.

The July number of the Mysore Economic Journal gives an interesting accounts of the Mysore Economic Conference and its work. There is also a useful article contributed by Mr. Eaton on the methods of machinery for the Extraction of oil from seeds. "Rusticus" studies the Progress of Cooperation in the United Provinces.

The June number of the Madras Bulletin of Co-operation contains a number of good articles. Mr. Srinivasan deals with the difficulties caused in co-operative practice by the Hindu Joint Family system. Another article gives an account of some experiments of arbitration by Panchayets. The editorial notes comment adversely on the movement which demands a separate Registrar for the "Andhra" districts. We are of the same opinion in general but we cannot forget that sometimes local or communal enthusiasm has done much in the cause of co-operation.

We beg to acknowledge with thanks the receipt of the Social Service Quarterly, The Wealth of India, The Journal of Dairying, the Indian Review and the Modern Review.



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No. 3

#### NOTES AND NEWS

The progress of co-operation in different provinces of India has already necessitated the publication of a great number of manuals and handbooks dealing with the practice of the subject. We have for instance the Handbook of Co-operation for Burma by Mr. English and the eminently readable and instructive manual for co-operative societies in the United Provinces from the pen of Mr. Willoughby. Mr. Ewbank had already published the first edition of the present manual for Bombay in 1914. new edition before us the author has developed the subject further and has placed at the disposal of Indian co-operators the treasures, both new and old, of his experience as a guide to co-operation both on the practical and theoretical side. For eight years the author has directed and promoted the fortunes of co-operation in Bombay where his success may be measured by the results: the number of societies grew from 375 to 1,650, the number of members increased from 29,419 to 156,805 and the working capital developed from 32 lakhs to more than a crore and a half.

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The first part of the work includes a valuable resume of the leading principles of co-operation and of its rise and growth in

India. After discussing briefly the system under which credit societies are organised, financed and controlled, Mr. Ewbank lays down the lines on which the three guiding institutions of co-operation are to co-ordinate their activities. The Registrar is to be responsible for seeing that the Act, Rules and Bye-laws are not infringed, that fundamental co-operative principles are not disregarded and that a regular annual audit is made of every society. The Central Co-operative Bank undertakes the finance of the movement, assesses and organises its credit, acts as a balancing centre and serves as a channel between Co-operative Units and the outside money market. The Central Co-operative Institute is to be responsible for all forms of Co-operative propaganda, education and enquiry, and to represent independent co-operative opinion on all questions affecting the movement. It is also to be the connecting link between the federations which are projected in each separate linguistic area of the Presidency. Here are the outlines of a felicitous division of labour provided the banks be confined to their legitimate functions and the central institutes prove live organs of instruction and propaganda. The policy outlines by Mr. Ewbank justifies the tribute offered by Mr. Wolff to the public spirit of our Registrars. "We have no reason in India to apprehend that official influence would be abused for political purposes as it has been on the European continent. Registrars are honestly endeavouring to train those placed temporarily under their charge up to the point of self-administration. Themselves officers of the State they look generally to the hastening the time when co-operation can be fully de-officialised". But here some important questions suggest themselves. Will our Central Cooperative Institutes rise to the opportunity? Are voluntary workers coming forward to carry on their part of the strenuous task and to devote a large portion of their lives to the work and to bear the heat and burden of the task? That remains vet to be seen.

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After devoting the first part of his work to the description of the co-operative structure and to the Co-operative Act, the author furnishes us with hints on the organisation of credit societies and

banks. Incidentally he lays down principles to guide the propagation of societies in future. "While the movement was still in its infancy, societies were registered haphazard and experiments were made wherever an opening seemed to occur. A stage has now been reached when this policy must be abandoned. is no longer permissible to press societies on a hesitating peasantry. As the working of the existing societies improved they should be left to recommend themselves to their neighbours. New societies should come into existence in response to a genuinely spontaneous local demand". Should this rule be followed conscientiously we should not have such a deal of diseased tissue to be cut away in the body co-operative. The practical rules and hints given in this work are of the highest value. Whether the author deals with the first general meeting of a society or the first meeting of the managing committee or with how to advance and how to recover loans or with raising of capital for urban banks or fixing the rate of interest or with registration of societies or with application of loans from Central Banks the treatment covers every detail of the matter in hand. In the case of slightly complicated rules model examples are worked out arithmetically to illustrate the principle fully. The book is at once a detailed study of management of societies and a practical guide for the co-operator on the Bombay side.

Part III comprises a series of valuable studies on Manure supplying societies, Cattle breeding societies, Co-operative stores, Weaver's societies, Housing societies and Co-operative dairies. The instructions given are very full, nor is the element of humour entirely absent from the Manual. Thus for the benefit of the man in charge of the dairy Mr. Ewbank observes "It is needless to add that no substance whatever should ever be added to the milk before it is sold." Those who are organising housing societies are advised to secure members bound to each other by common interests and pursuits and such as belong to a single community, caste, class, or profession. "By this method of selection vegetarians can avoid living next to meat eaters, lovers of European

music can escape a neighbour who practises Indian music, and so forth".

The most important features of Part IV are the chapters on Arbitration, Liquidation, and Inspection and Audit. The student of co-operation will do well to devote special attention to the last mentioned chapters in which Mr. Ewbank deals with the objects and lines of inspection and with the scope and methods of audit.

A perusal of the Ninth Annual Report of the Ramporehat Central Co-operative Bank will at once show the bright and dark sides of the co-operative movement in this Presidency and in India generally. We are told for instance that "party-feelings appear to have decreased in some societies", that the local money-lenders have generally reduced their rates of interest and that a considerable amount of local capital has been attracted. But the Directors do not satisfy themselves by presenting only this rosy colored picture before the shareholders: they have the rare courage of pointing out the very serious defects and weak spots that are retarding the progress of the movemet.

Thus we are told that the majority of members are still in debt, that they are attracted more by cheap credit than by any real appreciation of the principles of the movement, and that some societies had to institute suits against members and office-bearers. The Directors apprehend that cheap credit has in certain cases directly helped in adding to the financial embarrassment of members.

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The remedy for this state of things is education and development of non-credit forms of co-operation: we are glad to find that the Directors of the Ramporehat Central Bank are keenly alive to the needs of the situation. For they have set on foot the proposal of starting supervising unions in different areas to relieve the Central Bank to some extent of the onerous duties of educating and supervising the affiliated societies. The Directors are also not unmindful of starting different sorts of co-operative societies within their area: they have already started a purchase and sale society at Ramporehat. In this connection may we not hope to see some sort of organic union between the Branch Agricultural Associations and the co-operative societies in Ramporehat Subdivision?

Ever since we heard of the wonderful development of the Branch Agricultural Associations in the District of Birbhum, we have been thinking of a possibility of a wider and broader union of efforts which would concentrate on rural reconstruction and development in all its aspects. Such a synthesis has been attempted in Burma where they have "District Agricultural and Co-operative Associations." The objects are—

- (A) To assist registered co-operative institutions in the District by—
  - (1) Advice when in difficulties.
  - (2) Approaching Government officers in order to get obstacles removed.
  - (3) Promoting close relations between district officials and co-operative institutions.
  - (4) Generally watching over the interests of co-operative institutions.
- (B) To assist co-operative administration in the District by—
  - (1) The propagation of co-operation.
  - (2) Arranging District Conferences and suggesting subjects for discussion thereat.
  - (3) Urging compliance by co-operative institutions with the resolutions of District Conferences.
  - (4) Reporting recalcitrant institutions to the Registrar.
  - (5) Arranging for the collection of funds for the payment of Union Inspectors, controlling their work and paying them.

- (C) To assist agricultural development by—
  - (1) Assisting the Agricultural Department in the introduction of improved methods and seed.
  - (2) Advising the Agricultural Department.
  - (3) Proposing to the Deputy Director of Agriculture through the Deputy Commissioner a programme of work for the District Agriculturist and submitting annually criticisms thereon.
- (D) To assist industrial development by advising the Registrar, Co-operative Societies, or other officer in charge of the development of industries.
- (E) To assist District officers by advice on any matter affecting the well-being of the population of the District (e.g., education, sanitation, roads, irrigation, postal facilities, distress, etc.).

The membership is composed of—

- (1) The District Central Co-operative Bank, where such exists.
- (2) All Unions of Co-operative Societies in the district registered under the Co-operative Societies Act, 1912.
- (3) All registered Urban Co-operative Credit Societies and Co-operative Town Banks in the District.
- (4) All registered Co-operative Societies in the district of artisans, which have not been affiliated to any Union.
- (5) All registered Co-operative Societies for the purpose of production and sale in the district, similarly unaffiliated.
- (6) Persons nominated annually by the District Agricultural and Co-operative Conference as representative of the industries or trade of the district, or interested in the development of agriculture, co-operation, or industries therein, provided that such persons be resident within the district and the total number of the persons so nominated does not exceed three-fourth of the members admitted under sub-sections (1) to (5) inclusive.

- (7) The District Agriculturist and any other officer of the Agricultural Department not below the grade of Sub-Overseer stationed or working in the District.
- (8) Honorary Organizers appointed by the Registrar.
- (9) Junior Assistant Registrars employed in the District.
- (10) The Director of Agriculture, the Deputy Director, the Registrar, the Joint Registrar and Assistant Registrar when present in the District.

Co-operative institutions or groups thereof which are, under the provision of this bye-law, members of the Association shall be presented by one delegate each duly selected by the Committee of such institution or by the Committees of the Societies forming a group.

The General Meeting.—The ultimate authority in all matters relating to the administration of the Association and the accomplishment of its objects shall be the General Meeting which shall meet from time to time as may be necessary but at least once a year in February. Each member shall have but one vote and in case of equality of votes a motion shall be held to be lost.

A quorum shall be obtained provided at least three-fifths of the Union Chairmen in the District be present.

General Meetings shall be convened by the Chairman of the Committee.

The General Meeting shall elect a Chairman for each meeting. Resolutions of the General Meeting shall be recorded in a minute book and be signed by the Chairman of the meeting.

The Committee.—The General Meeting shall appoint annually in February a Committee of nine members not less than three of whom shall be selected from members nominated by the Annual District Agricultural and Co-opperative Conference under bye-law 3(6). The Committee shall elect a Chairman for the year.

The Chairman of the Committee and one member thereof shall be the officers authorised to sign documents on behalf of the Association.

A quorum shall be obtained if five members be present.

The duties of the Committee shall be—

(1) To meet as often as may be necessary. Meetings shall be convened by the Chairman of the Committee.

- (2) To carry out continuously the objects of the Association stated in bye-law 2.
- (3) To give effect, as far as may be done by exhortation, to the resolutions of the Association as regards cooperative institutions.
- (4) To conduct correspondence with Government officers and others.
- (5) To prepare and submit to the General Meeting in February a report on the action taken by the Association to give effect to the objects stated in bye-law 2; on the efficiency or otherwise of co-operative institutions in the District; on the subjects prepared for discussion at the next District Conference and on the recruitment, working and remuneration of Union Inspectors in the District.
- (6) To collect from the District Central Bank, Unions and individual societies such subscriptions as the General Meeting may prescribe to defray the cost of the District Conference.
- (7) To arrange the programme of work of Union Inspectors and control their work; to collect funds from Unions for their pay, to pay them and, if necessary, fine them.
- (8) To submit an annual report and balance sheet to the February General Meeting.

The Committee may appoint Sub-Committees of members of the Association the better to carry out its duties. Such Sub-Committees shall report to the Committee. The Committee shall appoint an Honorary Secretary and an Honorary Treasurer.

The Funds of the Society shall consist of-

- (1) Subscriptions from its members in the District at rates fixed yearly by the General Meeting subject to the approval of the Registrar, Co-operative Societies.
- (2) Donations or subscriptions by the Local Government, Local Funds, or private persons.

Provided that subscriptions shall not be levied from Cooperative Institutions except to defray the cost of administration and management and for charitable purposes as defined in section 2 of the Charitable Endowments Act, 1890.

The Chandpur Central Bank authorities are also alive to the defects in the working of affiliated societies, viz.,—(a) defects in accountancy, (b) defaults in repayment of loans, (c) want of local deposits, (d) irregularities in holding general meetings and Committee meetings, (e) appropriation of the bulk of the loans by the panchayets, (f) want of knowledge of the principles of co-operation. These are common ailments from which the Indian co-operative body has been suffering; it is a happy sign of the times that the defects are recognized and sometimes bold remedies are applied to eradicate them. The introduction of the "Comilla Examiners" system and of the share basis in rural societies, the wider diffusion of co-operative education by means of leaflets, journals and lectures, closer supervision by Central Banks—these are some of the remedies that are being vigorously applied by the energetic Secretary of the Bank, Babu Nalininath Banerji; we hope his efforts in these directions will be crowned with success.

We believe it is intended to hold the Eleventh Provincial Co-operative Conference towards the end of February next. We hear that Mr. M. Thorpe, i.c.s., late Collector, Khulna, may shortly join the Department of Co-operation as Deputy Registrar of Co-operative Societies. Mr. Thorpe was largely instrumental in organizing the Khulna Co-operative Conference. He is a well-known Co-operator and his close connection with the Department would certainly conduce to the further development of the movement in Bengal.

### THE INDIAN FARMER AND HIS INDEBTEDNESS

### [By Mr. G. S. Dutt, i.c.s.]

In the last number of this Journal, Mr. H. W. Wolff has done me the honour of referring in appreciative terms to the summary of my address on Agricultural Organisation and Rural Re-construction which appeared in one of its previous issues. Mr. Wolff describes it as an "excellent paper"—and one which he joins with the editor of the Journal in hoping to see w'dely read. He has however criticised the paper on two points. The questions raised by him may be briefly put as follows:—

- (1) Is the Indian cultivator lacking in agricultural skill? and secondly,
- (2) Whether an increasing indebtedness of the Indian cultivator to his Co-operative Society is a sign of his increasing prosperity?

I shall deal first with the question of the skill of the Indian Cultivator. In my address on Rural Re-construction I said: "We all know that the Indian farmer is second to none in the world in agricultural skill. So far as his traditional methods of agriculture are concerned the Indian farmer in most parts of the country is an adept in the art. And yet it is now impossible to deny the fact that he has a great deal to learn from the results of scientific research in agriculture and from the experience of farmers in other parts of the world". In criticism of this Mr. Wolff says:—

"Mr. Dutt will have it that the Indian farmer is second to none in the world in agricultural 'skill' and he goes on to show conclusively that in very truth the said cultivator is utterly wanting in such 'skill' in as much as he produces only half or one-third crop and cannot succeed in making his agriculture pay! Evidently what Mr. Dutt means, and what he is justified in asserting is, that the Indian agriculturist is second to none in intelligent,

painstaking, patient manual work, definite use of his spade and his hoe and in the making and employment of that 'reh' which so hopelessly puzzles us Europeans. He is like the well trained soldier, who knows admirably how to handle his rifle and execute military evolutions, but cannot for the life of him conceive how to employ such 'skill' so as to ensure victory in the place of defeat. The 'skill' of strategy is worth a hundred times more than that of individual tactics, the skill in making a 'business proposition' of farming more than that of hand hoeing a row of plants''.

Now, in the first place, it may be remarked that the Indian cultivator does not depend upon the definite use of his "spade". Indian agriculture emerged centuries ago from the stage of the "spade" to that of the plough.

As regards the technical "skill" of the Indian farmer, the distinction drawn by me was between "skill" and knowledge—skill which the Indian cultivator does possess in the traditional methods of his art, and the scientific and up to date knowledge in which he is lacking. This distinction between 'skill' and 'knowledge' appears to me to be one which is easily intelligible. The distinction which Mr. Wolff has drawn between "skill of strategy" and "skill of individual tactics" and "skill in making a 'business proposition' of farming" does not, on the other hand, appear to me to be so easily intelligible.

Nor is it a fact, as Mr. Wolff appears to premise, that all the 'skill' of the Indian cultivator is limited merely to "intelligent, painstaking, patient manual work" or to "the definite use of his spade (plough?) and his hoe" and to mere "hand hoeing a row of plants". On the contrary, as I stated in my address, and as I still maintain, the Indian cultivator is second to none in the world in 'skill', so far as his traditional methods of agriculture are concerned. I will make my meaning clear by two quotations.

Mr. A. O. Hume, c.B., who knew the Indian agriculturist well, thus wrote as early as 1879:—

"So far as rule of thumb goes, the experience of 3,000 years has not been wholly wasted. They know to a day when it is best (if only meteorological conditions permit) to sow each staple and each variety of staple that is grown in their neighbourhood; they know the evils of banks and hedges dwarfing the crops on either

side and harbouring vermin, and will have none of them, they accurately distinguish every variety of soil, and so far as the crops they grow are concerned, the varying properties and capacities of each; they fully realise the value (though they can command but little) of ordinary manure, ashes and the like, and recognise which are most required by which kind of crops; they know the advantages of ploughing, in most cases as deep as their imperfect implements and feeble teams will permit, and of thoroughly pulverising the soil; and they also recognise where, with a scanty or no supply of manure, it would be folly to break the shallow-lying pan. As for weeds, their wheat fields would, in this respect, shame ninety-nine hundredths of those in Europe. You may stand on some high old barrow-like village site in upper India, look down on all sides, on one wide sea of waving wheat broken only by darkgreen islands of mango groves, many, many square miles of wheat and not a weed or blade of grass above six inches in height to be found amongst it. What is to be spied out creeping here and there on the ground is only the growth of the last few weeks, since the corn grew too high and thick to permit the women and children to continue weeding. They know when to feed down a too forward crop; they know the benefit of, and practise, so far as circumstances and poverty permit, a rotation of crops. They are great adepts in storing grain, and will turn it out of rough earthen pits, after twenty years, absolutely uninjured. They know the exact state of ripeness to which grain should be allowed to stand in different seasons; in other words, under different meteorological conditions, to ensure it keeping when thus stored; and equally the length of time that, under varying atmospheric conditions, it should lie upon the open threshing floor to secure the same object" and again: "certainly very few European farmers could, fettered by the same conditions as our ryots, produce better, if as good, crops".

Again this is what Dr. Voelcker had to say in 1893:-

"At his best the Indian raiyat or cultivator is quite as good as, and, in some respects, the superior of, the average British farmer, whilst at his worst it can only be said that this state is brought about largely by an absence of facilities for improvement which is probably unequalled in any other country, \* \* \* But, to take the ordinary acts of husbandry, nowhere would one

find better instances of keeping land scrupulously clean from weeds, of ingenuity in device of water-raising applicances, of knowledge of soils and their capabilities, as well as of the exact time to sow and to reap, as one would in Indian agriculture, and this not at its best alone, but at its ordinary level. It is wonderful, too, how much is known of rotation, the system of 'mixed crops', and of fallowing. Certain it is that I, at least, have never seen a more perfect picture of careful cultivation, combined with hard labour, perseverance, and fertility of resource, than I have seen at many of the halting places in my tour''.

Apart from the evidences of these two unimpeachable authorities, I was surprised at Mr. Wolff's objecting to my speaking with approval of the traditional 'skill' of the Indian cultivator when I find that Mr. Wolff himself, in the first page of his recently published and admirable book "Co-operation in India", says:—

"India was a country carrying on skilled agriculture, cultivating wheat and other standard crops of modern time, tilling its fields with meticulous care and with plenty of evidence offered of physiological and technical knowledge, at a time when, in their own un-reclaimed mountain and morasses, Europeans still hunted the bear and the wolf".

And further on in the same paragraph, speaking of Indian agriculture, he says:—

"However, the elements are there. Skill is there. Capacity for labour is there."

It is not in 'skill', then, that the Indian agriculturist is wanting, but in organisation and in the command of his market and in education—specially in agricultural education on modern lines, and in a knowledge of the up-to-date results of scientific research.

We come next to the second question, viz., whether an increasing indebtedness of the Indian cultivator is a sign of his increasing prosperity. What I said in this connection was this:—

"It is now being more and more recognised every day that the indebtedness of our agriculturists is not the cause but is the effect of the prevailing economic conditions which react upon each other. Competent observers have repeatedly remarked that the Indian agriculturist is a remarkably thrifty individual and yet he is getting more and more into the clutches of the Mahajan. If the Mahajan is replaced by the Credit Society, he gets more and more heavily indebted to the Credit Society every year. And the reason is simple. It is because he cannot make his agriculture pay,—because his industry does not bring him enough to meet the necessaries of life and the cost of cultivation. The two main factors which lie at the root of the rural economic problem in India are:—

"1stly—That agriculture as at present conducted in this country is not as remunerative as it should be.

"And 2ndly—That the agriculturist does not realise anything near the full value of his produce,—the major part of the value going to the pockets of the middleman.

"We are thus confronted with the solution of these two problems: How is our agriculture to be made more remunerative? and—How to secure for the farmer the full value of his produce?"

Mr. Wolff has objected to my deprecating the increasing indebtedness of the Indian cultivator to his co-operative society, and he says:—

"Mr. Dutt appears to feel disappointment at the fact that, notwithstanding the creation of Co-operative Banks, raivat indebtedness keeps increasing. But what else are Co-operative Banks then for? "And he is apparently of opinion that an increase of indebtedness of the cultivator to the Co-operative Society is a sign of his increasing business prosperity. Now this is a proposition to which few who know the Indian cultivator and the conditions under which he lives and works would be prepared to subscribe. In holding up a gradually decreasing load of indebtedness as the ideal I am at least in good company. The Committee on Co-operation in India was itself evidently of the same opinion whenit deplored the fact "that inspite of the rapid growth of commerce and improvement in communication the economic condition of the peasants had not been prospering as it should have done, that indebtedness instead of decreasing (the Italics are my own) had tended to increase \* etc." In the case of the great bulk of the Indian cultivators, the great problem admittedly is how to devise means to reduce their indebtedness. Even Mr. Wolff himself admits that this is the goal we are striving after. For he says:-

"After a time the point will be reached at which the older among your customers, having accumulated enough, will need no more credit. But we have not yet got there by a long way." That is certainly true, but the question is—Are we progressing in that direction; and if not, what is keeping us back? The answer to this is that so long we depend only on the provision of cheap credit, we shall not solve the problem of indebtedness in India. We have to go deeper down to the basic conditions under which the agricultural "business" is carried on in this country. Credit is no doubt wanted, and co-operative credit is the best of all forms of credit, and the more co-operative credit societies we have the better. There was of course a time when people had a superstition against credit. It was Louis XIV who is said to have remarked "credit supports agriculture as the cord supports the hanged". Now a days, however, we know better. We know now that for the expansion of the agricultural 'business', credit is indispensably necessary, and of all forms of credit, co-operative credit is the most wholesome. For, so far from Co-operative Credit being the hangman's noose to the agriculturist, an absence of co-operative credit either leads agriculture, so to speak, to economic starvation or it drives the agriculturist into the usurer's noose.

But what if we find that even co-operative credit is unable to reduce the farmer's load of indebtedness? As Mr. Wolff himself says:—"The crucial point in the problem is this,—that the money borrowed should be remuneratively invested, so as to yield a profit upon the employment." What, however, if we find that the present conditions of rural agriculture in this country do not in most cases permit the money being remuneratively employed, so as to bring a clear profit on it at the end of the year? You go to one of the Co-operative Credit Societies of the longest standing and ask the members: "Are you reducing your debt and making a profit upon your loan from year to year?" The answer in the great majority of cases is "No, how can we? Agriculture is not a paying business now a days, and so we have to borrow more and more every year just to make the two ends meet." It was exactly this aspect of the question that I sought to bring into prominence. To get real benefit from the Credit Societies, the agriculture itself must be made a "business"—not a losing business but a paying

business. As it is, the small agriculturist in India only too often finds that "it generally pays better to be a day-labourer than to be a farmer." In a recent report of the Baroda State it was stated as having been ascertained from the results of careful enquiry that the "average farmer's accounts show a deficit economically." This is no doubt true of a great part of British India as well.

Surely, then, merely increasing loans from Co-operative Credit Societies will not ultimately help such people in bettering their condition. The path of progress undoubtedly lies in the simultaneous application of Co-operative Credit with two other remedies, viz:—

- (1) Making the agriculture itself more remunerative; and
- (2) Organising the farmers so as to ensure them the full value of their produce.

It is no doubt true that seasonal uncertainties of rain-fall and other accidental causes contribute to the chronic poverty and indebtedness of the agriculturist and the usury of the mahajan brings about his downfall. Progress will no doubt have to be made simultaneously in many directions before the final goal is attained, but to make agriculture a profitable business in this country two things are, above all others, necessary, viz:—

- (1) Giving the cultivator better agricultural education and teaching him the improved and scientific methods which have revolutionised agriculture in Europe and America; and secondly,
- (2) Organising him for joint sale of his produce so that he may not be under the necessity of buying all the necessaries of life at a higher and higher price, while in the case of his own produce he has to sell at a loss in the cheapest market.

These are the most fundamental defects which make agriculture in India at the present day unprofitable even for the man with moderate resources who is not under the necessity of resorting to the mahajan for credit, and it will not be a matter of surprise that while such conditions continue, mere Co-operative Credit is unable to save the poorer agriculturists from an ever-increasing burden of debt.

To guard against the unproductive use of Co-operative Credit and to turn it into an effective means of profit, the farmers as a body will have to be taught how to make the best use of Co-operative Credit for productive purposes.

Speaking of the possibilities and the necessity for making agriculture in India much more profitable than it is now, I may here quote Mr. Wolff's own opinion in his recent book "Co-operation in India", from which I have already quoted :- "Nevertheless Agriculture, taken as a whole, has remained, and still remains. backward—backward, at any rate, in quantitative production. The sixty and hundredfold production of the parable is wanting. There are cases of exceptional productiveness. But on the whole Agriculture fails to bring forth as it might. And as is Agriculture, so, if not worse, is the lot of those who carry it on. Look where we will, there is misery and crying want of development." Again he says:—"However, as a productive force India is, in the midst of nature's rich endowment, in the midst of millions of healthy arms and skilful hands—and hungry stomachs such as might be expected to stimulate to labour and industry—in truth wretchedly poor". Here then Mr. Wolff has himself emphasized one of the chief drawbacks of the present conditions of Indian agriculture, viz., its comparative unproductiveness. To make agriculture as a business paying to the cultivator and to lighten his burden of debt we shall therefore, have to apply ourselves to helping him in realising, if not the "sixty and hundred-fold production of the parable", at least, at any rate, the four-fold and five-fold production which intensive cultivation has brought about in Europe and Japan. And, as I have already mentioned, mere increased production will not do. We shall have to organise the cultivator in combining for the sale of his produce, so that, in an age when the price of all necessaries of life is constantly on the increase, the cultivator may not have to part with his produce every year to the middle man at a ruinously cheap price.

In conclusion, therefore, the watch-words of those who seek to deal with the problem of indebtedness of the agriculturist, should be not merely Co-operative Credit, but Co-operative Credit, practical Agricultural Education, Intensive Production and Business Organisation on Co-operative lines,

#### THE NEED FOR AGRICULTURAL ASSOCIATIONS

# [By Mr. J. K. Biswas, Superintendent of Agriculture, Dacca Division.]

The soil of our country is so very variable that it is difficult to apply the results of general experiments made at any particular centre without first making a proper local investigation. Eastern Bengal most of the soil is New Alluvium, but Old Alluvium is also to be found here and there, particularly a vast tract of country in the Dacca and the Mymensingh Districts. Even in the New Alluvium quality of the soil depends to a great extent on the amount of flood water it gets during the rainy season. The country is traversed by the big rivers such as the Padma, the Brahmaputra, the Meghna and Arialkhah with all their tributories. During the monsoon, water in these rivers rises, over-flooding the banks and inundating the Bil tracts. The result is that these lands get fresh deposits of silt every year and are naturally fertilized. On the other hand the lands which are not thus naturally manured get exhausted year by year as the plant food is taken off in the crop, and they require different treatment.

It is a well-known fact that the growth of a crop depends upon the quantity and quality of plant food available in the soil. With the removal of the crop these ingredients are removed from the soil. The only recuperation in most of the Eastern Bengal districts is due to nature; but consider the vast amount of plant food removed from the soil by continued cultivation which is not returned to the land. It may be concluded that our soil is getting gradually poorer and poorer where there is no silt deposit. A natural impression prevails amongst the cultivators that the productive power of their land has much diminished. The natural recuperation of the land by the addition of silt has made the people of this Division more idle and they have very little idea of how the people in the Western Bengal exert themselves by applying manures to the soil and by irrigating their crops. The cultivators

are unaware of the value of manures or irrigation. A soil survey differentiating the various classes of soil is first essential.

The land may be classified as follows:-

- 1. Low land.
  - (1) Bhil lands which grows jute, Broadcast paddy and deep water Aus paddy, Boro paddy.
  - (2) Transplanted paddy land:-
    - (a) With comparatively deep water growing only coarse transplanted paddy.
    - (b) Soil with less water growing jute and middle class paddy.
    - (c) Soil with still less water growing fine Aman paddy.
- II. High Land—Growing Rabi crops, Jute and Aus paddy.
- III. Garden Land—Growing potato, tobacco, chillies, brinjals, etc.
  - IV. Acid red soil:—
    - (a) High land.
    - (b) Low paddy land.

As soon as this is done we should be able to suggest what treatment should be given to each kind of land and what crops should be most profitably grown.

- 1. The Department has been able to discover some of the prolific varieties of Aman paddy (Indrasail), Aus (Kataktara) and Jute (Kakya Bombaie). Besides there are several others under observation. It may be that while Indrasail and the other prescribed varieties will do very well in some classes and grades of land they may not do so well in others. It is necessary to find out those lands and to see whether any other good varieties now under expert observation will suit. For this purpose regular experiments are desirable.
- 2. It is quite possible that a better yield of crop may be obtained by the application of manures such as cowdung, green manures, bonemeal, castor cake, mustard cake, superphosphate, nitrate and the like. This will require experiments as different soils require different treatment.
- 3. The only implement used by the cultivators for ploughing up their lands is the country plough. It will be advantageous to compare with light iron ploughs. Improved hoes and harrows

can most profitably be used for after cultivation and may be tested locally.

- 4. In certain high tracts water lifts can profitably be used to grow crops with irrigation.
  - 5. Introduction of new crops may also be possible.

It will thus be seen that a great deal of preliminary work is necessary to improve the local crops and cultivation. It is necessary to make a thorough study of the particular tract before any improvement can be suggested. All these works can easily be done if the local people combine to arrange rural associations amongst themselves and if they take more interest than they have done in the past. The following rules have been made by the Agricultural Department for the organization of such associations—

- (1) The members of the Association will be cultivators or be connected with cultivation. The President of the Panchayat, Chairman of the Union or other influential person will ordinarily organise the Association.
- (2) It is intended that a responsible officer of the Agricultural Department will assist and advise the societies.
- (3) The object of the Association is to improve the cultivation and crops within its circle.
- (4) In order to obtain effective assistance from the Agricultural Department the Association should endeavour:—
  - (a) To make a careful agricultural survey of the area represented giving areas under the different crops and classes of crops, also different classes of land;
  - (b) To examine the agricultural problems of the area as regards cultivation, manurial and seed requirements, disease and insect pests, etc.
- (5) This preliminary survey will be forwarded to the Deputy Director of Agriculture through the officer of the Agricultural Department who after consulting the specialists concerned will make recommendations.
- (6) The Deputy Director of Agriculture, or some other responsible officer of the Department will personally meet the Association and confer with the members regarding a programme of work suitable to their requirements.

- (7) The programme of work will consist mainly of experiments for the benefit of the local cultivators. For this purpose seed, manures, implements and other appliances will be available from the officer of the Agricultural Department.
- (8) The Association will be expected to apply the results of such of their experiments as have proved successful and to encourage others to follow their example.

At present the number of Associations will have to be very limited as the work will have to be done very carefully and because the staff available is limited. Only willing workers should be admitted into the Association. The works carried on by them should be done carefully. On experimental plots similar treatment will have to be given to the plots under observation. The accuracy of results of experiments will depend upon the supervision of the demonstrators and the members of the Associations. If any experiment be made in haste and without proper supervision the result will rather do more harm than good, and Demonstrators have got a special training in the Dacca Farm before they were sent to work with the societies.

Much will depend upon these men. They must mix with the cultivators, make friends with them, study their local needs and forward their requisitions to the Department.

The idea is to employ a Demonstrator eventually in each thana and to have a group of Associations round about the Head-quarters. The members will thus be able to get his help without difficulty.

It will thus be seen that the Agricultural Head-quarters will be very important centres in a thana for the general improvement of the condition of the Agricultural population.

The Dacca District Board has constructed two pucca buildings at Narsingdi and Munshiganj and the Court of Wards have built two—at Kaliganj and Joydebpur. For the accommodation of demonstrators and for keeping seeds, etc., fourteen buildings have been received from the public spirited Zaminders and merchants of Faridpur for the purpose.

It will be a good plan if the member of the rural co-operative societies will also associate themselves for making Agricultural improvement. They will find it much easier and profitable to work as they have already organisation and also they can get easily

pecuniary help from their own Societies. They can also make wholesale purchases of the seeds and manures at the cheaper rate. Similarly they can dispose of their crops and grains at a time when the price increases. It will be a very good plan if the rural Cooperative Associations will work carefully and utilise the services of the demonstrators who will be in their midst in the natural expansion of the work of Agricultural Department.

# CO-OPERATION AMONG THE MENIALS EMPLOYED IN THE CALCUTTA CORPORATION

[By Mr. GIRISH CHANDRA MAZUMDER, B.A.]

The People.—They all come from provinces outside Bengal and their settlement in Calcutta seems to be of a temporary and finstable character. They are illiterate, insufficiently clothed, inappropriately and inadequately fed. They are of improvident habits and addicted to drinking which seems to me the real cause of their indebtedness.

Housing.—Many of them live in the barracks called gaukhana situated in each district of the Corporation. I have noticed too much congestion: in a room of 13 sq. ft. there are 10 men with two big ovens burning for their cooking so that the room seemed smoky and full of soots and when the corrogated iron's roof is heated by the blazing heat of the summer noon time the entire room is converted to a veritable fire-place; all these combined with ther habitual uncleanliness and ignorance of sanitation make their housing anything but desirable. However, those who live in the goukhanas seem to live a comparatively more regular life than those living, in the bustees. But again those living in the bustees get better opportunities for social and religious enjoyments.

Social & Religious Life:—The men mostly belong to the castes known as "Chamars" and "Rajoars" perhaps the lowest ranks in the society. The habits and customs of these men are strongly endowed with communal and religious instincts and sympathies—the prime-movers of co-operation. Nothwithstanding the most careless and disintegrating life they lead in the city they are found to have preserved and maintained here such institutions as Panchayets and temples for communal worship and to these they always render unfailing obedience and reverence. Among the menials there are a few Mahomedans. Social and religious festivals often serve as "bonds of union" among these two communities: during the "holi" festival of Hindus and

"Mohurrum" of the Mahomedans the members of both the communities are found to contribute money and share in the festivities. Misunderstandings that occasionally arise among them are mainly due to ignorance.

The Creditors:—The menials are placed under the immediate control of the officers known as Sardars. They are literate and intelligent men; they get higher pay and are of miserly habits, as such they save something from their salary. They belong to a higher caste and so respected and feared by all those placed under them. The Sardars take full advantage of their influential position both socially and officially. I was told by one that he had to borrow in order to bribe the Sardar to get him admitted into the service. These men seem to be under the impression that their service depends wholly on the sweet will of the Sardars. Sardars invest their savings by lending it to subordinates; the usual rate of interest being -/1/- per rupee per month, i.e., 75% per annum. The Sardars possess thorough knowledge of the financial position of the menials and as such he advances only such amount as he could safely realise. One Sardar, who is in charge of 400 men living in the goulehana that I visited entered into his present employment some 15 years ago. He had absolutely no capital in his hand and was as poor as those men themselves. But now I am told, he is the owner of some eight thousand rupees that have been lent out among these men producing annually Rs. 6,000 as interest. If a single individual with a capital nil could within 15 years raise a credit transaction of eight thousand rupees among these men I hope they will provide a most prosperous field for the development of a system of co-operative credit.

The Sardar is, however, a very careful man and he lends only such amounts as he could realise without any difficulty. So, when loans are denied to these men by the Sardar, driven by pressing needs they come to the Kabulee money-lender. Besides the typical bamboo with which a Kabulee money-lender, is often identified, extreme violence and dishonesty are often used as instruments for insuring his money against all risks. They take full advantage of their illiteracy and helpless situation, and taking recourse to all sorts of dishonest means they manage to keep the men in a state

of perpetual slavery. The instances of dishonesty are mainly the following:—

(1) False account books, (2) putting false thumb impressions, (3) inserting wrong figures in the hand-notes, (4) receiving enforced signatures on miscalculated accounts or incorrect handnotes.

The usual rate of interest realised by the Kabulees is as  $-\frac{2}{-}$ ,  $-\frac{2}{6}$ , and  $-\frac{3}{-}$  per rupee per month, *i.e.*, 140% to 150% per annum.

Remedial Measures:—Though the dishonest and illegal ineans adopted by the money-lenders are often known to the borrowers yet individually they are unable to seek remedy in a Court of Justice. The best remedy lies in uniting these men under the organisation of a co-operative society armed with sufficient credit and finance affording shelter to these poor men against unlawful money-lender.

The ground should at first be cleared of all obstacles so that the structure of co-operation could be raised on a secure and strong basis. This could be done by making some arrangements for redeeming the existing bonds of debts. An attempt should be made for examination and correct estimation of existing debts of the employees by employing a lawyer and an expert for recognising thumb impression. They will also settle the mode of repayment by giving monthly kists in a suitable way for payment of the existing debts. The liability of payment of these debts by kists might subsequently be transferred from the individual to the Co-operative Society. As we apprehend much difficulty in coming to an agreeable settlement with the Kabulees or other moneylenders the corporation should be prepared to approach the court for favourable and just settlement of debts. Besides the advantage secured to these men such an intervention of the court is expected to produce an important influence in that section of the money-market as controlled by the Kabulees and such other criminal money-lenders. This would create a feeling of insecurity among the money-lenders and tend to check an undesirable channel through which the capital is now flowing to finance the labour in order only to drain their life-blood. On the other hand, it will pave the way for successful organisation of a system of co-operative

credit which will make the workingmen's life prosperous and happy.

#### I. THE SCHEME FOR THE CO-OPERATIVE CREDIT SOCIETY.

The society will be started with a limited liability and a share capital. It will be based on thrift, the ultimate foundation of all credit; and thrift implies that every member shall make monthly savings from his pay according to his means.

(i) Shares and Subscriptions:—The nominal value of each share will be Rs. 3. Every member must purchase one or more shares according to the amount of his salary. Thus,

If the members are found unable to pay the entire value of a share or shares at once, the value of each share might be paid by monthly shares the members will be required to pay a monthly shares the members will be required to pay the society a monthly subscription which is to be fixed after careful examination of their income and expenditure. The subscriptions might be converted into shares when amount to the value of a share.

- (ii) Borrowing power shall be limited to twice the amount of the paid up share capital. Liability of the members shall be limited to three times the amount of the shares held by each.
- (iii) Loan to an individual member should not exceed ordinarily, three times the salary; in exceptional cases a loan might be granted up to four times the value of his salary and in no circumstances it should exceed ten times the value of the paid up shares.

Loans should be given on personal security of a member, to be realised by monthly kists deducted from the pay. The member while taking loan should authorise the cashier for such deduction. The members who have taken loan from the society will not be allowed to resign his post until he discharges his debts. If any kists fall overdue without sufficient reason (to be determined by the committee) immediate steps should be taken for the recovery of the entire sum,

- (iv) Management and Control:—The supreme authority will be vested in the General Meeting of the shareholders. It will form the Board of Directors consisting of 10 members, half elected by the shareholders in the general meeting and half nominated by the Chairman of the Corporation from amongst the officers interested in the welfare of the lower employees. The Secretary should be a paid officer who can devote some hours regularly everyday to the work of the Society and the Society should also have one paid auditor for auditing the accounts every month.
- (v) Distribution of Profits:—

25% will go to the Reserve Fund.

25% to the Bad Debt Fund.

10% towards Education.

and the balance to be divided among the members in proportion to shares held by each.

This co-operative credit society should be one Central Society closely connected with and if possible situated in the Head Office of the corporation. The cashier who makes payment to these employees should also act as cashier of the Society. Otherwise any smaller organisation will fail to raise a sufficient profit as to make good the inevitable loss due to many unfavourable conditions.

II. The Scheme for a Co-operative Store Society:— As stated previously the Society will be based on thrift and its success lies in creating a desire and ability among its members for regular saving from their monthly salary. This could be ensured by successful organisation of stores in every district goukhana for supplying the articles of necessities. The store will comprise all the articles of daily and occasional necessities, e.g., rice, dal, oil, salt, cloth, etc. After taking a statistics of the amount of consumption of those commodities by each man we might easily classify the men according to their consumption, as—

Per month.

According to this classification the credit society will issue Bills for the value of Rs. 8/-, 10/- and 12/- which the members

of the Stores Society will purchase and on presenting to the Stores will get provisions not exceeding the value of the ticket. If the members consume in any month less than the value of the ticket the balance could be carried over to the ticket issued for the next month; and the accumulated surplus might be spent to meet the occasional necessities, e.g., purchases for social and religious ceremonies for which purpose they now generally borrow. Such a system would be a great inducement for economy and thrift to the people.

Thus, the Central Credit Society will finance the Stores by the system of issuing Bills. It might also help the Stores in securing commodities at wholesale rates by making joint purchase for all the Stores. This is a suggestion of a general scheme in which Stores could be organised; the detail rules could be framed afterwards.

Preventive Measures:—(i) The corporation should discourage the practice of borrowing money at an unusual rate of interest by adopting such means as possible within its power.

- (ii) For discouraging or preventing altogether the practice of money-lending indulged by the Sardars the Corporation should impose heavy penalty on those who would lend money to any employees at an unusual rate of interest.
- (iii) The present system of housing might be deemed sufficient to meet the physical needs of men but it is wholly wanting in satisfying their social and ethical needs. The want of innocent and virtuous enjoyment as provided in villages has, no doubt, encouraged them to recourse to the pleasures and recreations derived from drinking and such other indulgence. Each goukhana should contain a temple for communal worship and communal enjoyments of social and religious festivals; arrangements should also be made for providing musical entertainments as Jatras, Kathas, etc. If through these means the people could abstain from drinking everyone could save at least Rs. 3 every month.
- (iv) The employees should be freed from the control of the Sardars and should be brought into touch with the higher officials who might look to the welfare of those men rather than indulge in practices for selfish gain at the cost of the poor employees.

(v) Night classes should be held to spread literacy among the men. Illeteracy is a potent cause for their weakness and subjection to money-lenders.

In conclusion I beg to lay my humble appeal to the authorities of the Corporation. These criminal money-lenders hold firm sway over the entire working class in Calcutta and in the suburbs. They are carrying on their unchattered banking business in a much more luerative and efficient way than maney chattered banks It requires no small effort to replace these powerful agencies by co-operative societies; and in absence of the State intervention the Corporation seems to be the next best authority which working in co-operation with the co-operative department and other public charitable institutions might succeed in eliminating the evil forces altogether from the money-market and thereby uniting the workingmen into powerful, self-contained and selfsufficient groups of Co-operative Societies. Therefore, the Corporation, in its noble endeavour for ameliorating the condition of its employees should take a broad and generous view of the entire Much depends on the solution of the housing problem and none is in a better position to undertake the task of housing the labour than the corporation.

## HIGH PRICES AND THE CO-OPERATIVE STORES MOVEMENT

Never was the rapaciousness of Capitalism so marked, never was its sting so keenly felt as it is today after the conclusion of the great world-war. In this war man-power and money were essential. But man joined it with a feeling of "righting wrongs". Not so money which was brought in with a great deal of coddling and coaxing. This has naturally created in money or capital a feeling of importance out of all proportion in the natural economy of human society. Capital has assumed an aggressive aspect today as it never ventured to do before. The incessant struggle between capital and labour is more marked today than was ever before. Turn to the pages of any newspaper in any country and your eyes cannot fail to catch a report of a strike or a lockout and the untold miseries which follow it. We constantly read about huge profiteering by unscrupulous capitalists to the utter misery and ruin of the poor man. But when the curse of capitalism trenches upon the poorman's bread and salt it becomes utterly intolerable and it becomes necessary to the poor man to adopt means to save his life against the unquenchable thirst of capitalism. The Mohajan cannot be allowed like the octopus to devour his poor victim's flesh and bones.

In India today prices of the bare necessaries of life are rising by leaps and bounds quite beyond the means of the poor. What right has the Bania or the *Mohajan* to fatten at our expense is the question daily asked by the poor labourer or the sweating *Raiyat*. If money has given them this privilege we "men" ought not to be less privileged than the capitalists "money". The poor and the helpless have therefore, been naturally thinking about the best means of fighting capitalism, and, naturally Co-operation—the only weapon in the hand of the people of these classes—has been receiving from them the attention it never did before.

In this sense, we are of opinion that the high prices of the necessaries of life are rather blessings in disguise. These have put the Co-operative stores movement—the aspect of Co-operation best developed in the British isles and which has there conferred innumerable blessings upon the poor—to the forefront in India. Here Co-operative stores are being

organised now-a-days in large numbers and we are getting almost daily news-paper reports of the establishment of a Co-operative store in some place or other. It behoves us therefore to consider this aspect of Co-operation as a weapon to fight against high prices.

Before considering the subject we think it advisable to offer a few words of caution to the organisers who by a feeling of sheer necessity are compelled to use the weapons of Co-operation to fight against these poignant morbid forces of capitalism. Do not suffer your judgments to be warped by a more exuberance of feeling or emotion, but constantly keep your eye on the business aspect of the movement. Think cainly of what is practicable and pay the greatest amount of attention to the business aspect of the institucion. See that your institution, heralded today by beat of trumpet as a threat to capitalism, may not itself be the butt of laughter and scorn by capitalists tomorrow when, by your unbusiness-like methods you bring upon it an early death. Remember that business is business—be it Co-operative or non-Cooperative and that the business aspect of the institution must always be kept in the forefront. Remember also, that when the exciting cause ceases to exist, all institutions which are the outcome of a strong feeling naturally cease to receive the amount of attention which emotion and sentiment had brought to bear upon it. Have we not witnessed with a feeling of extreme regret the collapse of scores of such institutions ushered into existence with impatient haste during the late Swadeshi movement Excitement? Let us not therefore fall into similar mistakes to the discredit of a movement which is the only salvation to the poor and the helpless. Every failure acts as a setback to future progress.

In this matter Bengal has now got a number of stores sufficient for the establishment of a reliable Central Co-operative agency in Calcutta—somewhat after the model of the "Co-operative wholesale society" of Great Britain—the federated Central institution of all the stores in the muffassil district and sub-divisional towns—which is to be the supplying medium to the latter. Later on as the movement spreads on to the muffassil villages, in the district or the sub-division may be constituted the district central stores somewhat after the model of the credit Central Banks—but quite distinct and separate from them. The greatest practical difficulty has been in the matter of obtaining supplies from a reliable source. The chance of fraud and loss is so great that we must think of establishing such a central institution in Calcutta almost simultaneously with the muffassil stores which are now fast increasing. In this branch of Co-operation we think that leaders of

Co-operation like Mr. H. W. Wolff will perhaps agree that unlike in the case of our credit institutions, we have not here at least started at the wrong end.

There is nothing wrong in the principles under which a Co-operative store works. It has worked wonders in Europe. In England alone, over three thousands stores are working for the last seventy years enabling their members to avoid high prices, short weights, and adulterations—faults rather common in the capitalist system of similar business, but inconceivable in a Co-operative business. These stores have moreover taught their members the right principles of business, and the method of running an institution on purely democratic lines. We learn the principles of self-government on democratic lines in a practical manner and much more easily in our efforts in managing Co-operative institutions. Never was the Indian Rayat and labourer in greater need for such an institution than today when his country is on the road to responsible self-government; Co-operation is the only beacon-light on India's onward march on the road to progress and the only school where the poor illiterate millions will learn by practice the civic duties which they will erelong be called upon to fulfil.

In addition to the above indirect results, by the successful running of these co-operative stores the poor and the helpless will be using the only effective weapon to fight the capitalists and will be able to stand the strain of high prices of the common necessaries of life.

There will most likely be dangers and difficulties ahead, for it is not likely that capitalists will meet your bold stand lying down. It is said, that when a Tantric worshipper strives to worship at midnight in the solitary cremation-ground—the goddess sends innumerable demons and evil spirits to scare the carnest devotee away, and that when and only when the earnestness of the devotee can stand this ordeal, he attains his object. Similarly the of the devotee can stand this ordeal, he attains his object. Similarly the goddess of success will send you the demons of the innumerable shop-keepers and dealers to scare the Co-operator away by competing with him by lowering their prices. In this ordeal "loyalty" to Co-operation is the only motivepower which will enable you to pass the ordeal and will help you to attain salvation through the path of Co-operation. In the long run truth and right principles are bound to triumph. My advice to all Co-operators therefore is, like that given by Polonius "To thine ownself be true" and the rest are bound to come. What matters it that you pay even a few annas more in prices to your own shop which is bound to return to you in the shape of rebates on your purchases. Try above all to avoid capitalism in your own

concern—give no advantage to capital beyond its legitimate interest, make it a thoroughly democratic institution, keep an Argus eye on every small detail of your business and your success is an assured fact.

TARAKNATH MAITRA,

Deputy Chairman.

Pabna Central Co-operative Bank Ltd.

# CONTROL OF VILLAGE SOCIETIES BY CENTRAL BANKS

Every practical Co-operator in India will be bound to confess that the standard of efficiency in many of the Co-operative Societies is unfortunately not what it ought to be. Gratifying as the result has been in many respects much more still remain to be done. We must never rest contented until we have succeeded in putting real life in our societies. Life there is, but vigorous manhood is the thing wanted. In one of the beautiful aphoristic verses of the sage Chanakya we read—"The son should be nurtured for 5 years, then kept under strict control for the next 10 years and from the 16th year the boy is to be treated like a friend" tutilage of a boy, therefore, should cease on the attainment of his 16th year.

The poor simple-hearted people of a certain caste of the Hindu Community are said to remain minors (doli incapax) up to their sixtieth year, and though, I myself personally do not know much of the rich people in this country, I am told that the fashion with some of them is that they do not consider it consistent with their family dignity to allow their children to walk on foot or to eat with their own hands lest these operations would cost their future heirs these causes of avoidable exertion. When they grow older, as an expedient to save them the trouble, of spending their energies a manager is appointed to look to their properties lest a constant call on their brain faculties will diminish the amount of intelligence stocked there.

Now after a great deal of thinking I have not yet been able to ascertain to which of these three classes our primary societies belong. Not certainly to the first—as from the date of the passing of the first Co-operative Credit Societies Act, the period is almost going to pass. Probably not also to the second,—as I presume very few of our society members come from that caste. I am rather of opinion that our Indian Co-operative Societies are destined to belong to the third class. And why not, for are not our societies splendidly aristocratic? Have they not got their helpers in their walking exploits and in the management of their affairs the Indian Central Banks, institution created to keep them in perpetual tutelage? As yet there is no sign of the guardians' relaxing an inch of their control over their wards. If this sort of unrelaxed tutelage go on, we are sure to get in our primary societies so many

stoodles-Gobar Goneshes-as we call in Bengali. Our primary societies are like so many spoiled children. They get more sweets and buns from their guardians for the mere asking, much more than they can digest and the result is dyspepsia, atrophy and death. Their legs are gradually becoming numbed and crippled for want of the exercise of walking. There is a Bengali saying that no body would care to toil for his subsistence if (as there is the Indian custom) people could secure their daily quantity of rice by begging in the name of Hari. This has really been the unfortunate case of our village societies. They are the real units of the Co-operative movement, and for the ever-ready compliance of their real or supposed wants by their guardians grand-mothers—the Central Banks, they are not getting the gradual strength with the increase of their years. They are getting too old in years for spoonfeeding. If the grand-mother would not teach her ward to take his lifegiving exercise in self-reliance, then I am afraid she may, like the unfortunate fond aunt (Mashi) in the Bengali Primar who helped her ward to become a spoiled-child get her ear bitten off by the unfortunate fondling at the time of meeting his death on the gallows (fanshi) on the pretext of having a last parting whisper together as a revenge for spoiling him. Can she not release from her control her two intelligent grand-sons christened A and B and considerably relax it over the three remaining children when they reach sufficient age? It is surely time for grand-mama to think of this seriously or else her ears are sure to be bitten off by her own fondlings. Beware grandmama, spare the child and hang the d-d rod.

I't is for this reason that I am deliberately of opinion that our Central Banks, started with the best of intentions, are indirectly doing harm to the societies in this respect. How many of them are confined to their real work, that of merely balancing capital between the different village societies? Instead of that they are dictating them to follow this or that rule of conduct, realising through the supervisors the dues of the Central Banks. I fear this last will always have to be the case until the guardian grand-mothers leave their helpless wards to take their constitutional walks, and to earn their livelihood by the sweat of their brow. Beneficium accipere libertatem est vendere—should be the motto of our primary societies too—unless benefits are received mutually and in truly Co-operative spirit, and with a clear understanding of the position. Then and then only will the unfortunate wards be in a position to realise that they possess a soul and life of their own—and that they too have got to earn their livelihood by the sweat of their brow, then and then only will the unfortunate wards be able to realise their

own Ego—the summum bosum of the existence of all beings as the Vedantists would say—and then and then only will the young aristrocrat be in a position to take up the management of his own properties if he has a realisation of the pains he had had to undergo to acquire his properties. This is not merely the opinion of a humble Indian Co-operator like the present writer but it is supported by no less an authority than Mr. Wolff himself.

If our village societies were left to depend on themselves alone for their finance, then they would have to go about the locality netting the village around for small deposits—the savings of the poor and impressing upon the members the sheer necessity of saving and thrift as the only means of avoiding the trouble of going about for meeting their own demands for loan and helping the creation of the real Peoples' Banks for which Sir Daniel Hamilton pleaded so earnestly and ably at the last year's Conference of the Bengal Co-operators.

In this view of the matter, the Central Banks would be mere balancing centres for the different village societies, watching their work, and like a well-wisher and a friend, to offer advice to them as to the best means of carrying on their work. They would also be centres from which all Co-operative thoughts and ideas would radiate to the remotest village of the district—never imposing on the village societies their mandates but always freely advising them as to the best course to be followed. They could with great advantage direct their attention to the preaching of the doctrines of Co-operation, not merely through the present staff of supervisors but through a regular agency of preachers or if that is found impracticable or too expensive, then through an agency in whom both the above functions may be combined. This is the only method of putting life and vigour into our societies, some of which for want of proper treatment on proper lines are yet far removed from the ultimate goal. In future financings the Central Banks can ask the village societies as much as possible to look to their own resources.

Entre nous.

## **CO-OPERATION IN BENGAL**

The Registrar of Co-operative Societies, Bengal, has received the following communication from the Private Secretary to H. E. the Governor—

"His Excellency is gratified at the response made by the various Co-operative Societies mentioned by you to his appeal for Funds on behalf of the sufferers in the recent cyclone."

#### 1. Progress of the Bankura Weaving Societies.

The organisation of these societies, which now number 41, began in March 1918 when it was hoped to execute orders for the Munitions Board, a hope which was not realized. For the first three months statistics are not obtainable, but very little work was By March 1919 only 14 societies had been registered, the rest being recent formations. At no time have all the societies and their members been working whole time for the Union, as several members and societies sell their cloth independently. view of these facts the steady rise in the monthly wages bills paid by the Union, except between October 1918 and February 1919, is something on which the Union may be congratulated. cause of the fall between October 1918 and February 1919, was the collapse in the price of cloth after the Pujas of 1918, which made it impossible for the Union to make and sell cloth at a profit. large and steady increase from March 1919 to September 1919, is specially a ground for congratulation.

Wages paid by the Bankura Industrial Co-operative Union, Limited, to members of the affiliated weaving societies:

|      |           |     |     |     | RS. A. P. |
|------|-----------|-----|-----|-----|-----------|
| 1918 | July      | ••• | ••• |     | 196 4 0   |
|      | August    | ••• | ••• |     | 465 15 6  |
|      | September | *** | ••• | ••• | 499 6 3   |
|      | October   | ••• | *** | ••• | 380 6 o   |

|      |           |     |     |     | Rs A. P.   |
|------|-----------|-----|-----|-----|------------|
|      | November  | ••• | ••• | ••• | 435 8 9    |
|      | December  | ••• | ••• | ••• | 423 2 6    |
| 1919 | January   | ••• | ••• |     | 48 10 9    |
|      | February  | ••• | ••• | ••• | 308 1 3    |
|      | March     |     | ••• |     | 859 7 3    |
|      | April     |     | ••• |     | 895 5 0    |
|      | May       | ••• | ••• | ••• | 1,236 9 0  |
|      | June      | ••• |     |     | 2,013 14 0 |
|      | July      | ••• | *** | ••• | 2,379 0 6  |
|      | August    | ••• | •   |     | 2,630 13 3 |
|      | September | ••• | *** | ••• | 3,367 11 3 |

The number of members in all the societies rose from 221 in July 1918 to 530 in June 1919. The number was 543 in September 1919 and it therefore appears that each member was paid between Rs. 6 and Rs. 7 per month in September, and as few members worked for the full month (this being always the case) and several worked entirely independently, it is clear that the Union is giving good wages to the members of its societies.

In addition to paying wages to its members the Union credited a certain amount to each member as share capital in his own society. The total amount credited in this way was Rs. 1,026-14-9 on the 30th September.

We wish the Union a continuance of this increasing prosperity and we hope that it will become firmly rooted in Bankura where its operations will be a great boon to the large weaving population generally, for, of course, the good terms offered by the Union to its societies' members have resulted in improved terms for weavers generally in the neighbourhood.

## 2. The Rampurhat Central Bank.

The Ninth Annual Meeting of the Shareholders of the Rampurhat Central Bank was held in the premises of the Bank on the 24th September last. Mr. J. M. Chatterji, the Sub-Divisional Officer and Chairman of the Central Bank, presided. Mr. T. C. Roy, Joint Registrar of Co-operative Societies, attended the meeting.

There was a good attendance. The report which gave an interesting account of the work during the past year was read by Moulavi Madeswar Hossain, Secretary of the Board of Directors of the Bank. 190 Societies are affiliated to the Bank. The total working capital during the year was 2,15,529. Deposits amounted to Rs. 62,350, including local deposits of Rs. 35,729, against 51,904-6 in the preceding year of which only 16,936 came from local depositors. The Bank has been making steady progress and extending its sphere of usefulness. The increase in the amount of local deposits shows the confidence placed in it by the public.

A novel feature of the meeting was a general discussion by the members on various subjects connected with the working of Co-operative Credit Societies, their practical difficulties and their remedies and possible methods of improving agriculture through such societies. Some useful suggestions were made by the members.

The Chairman in summing up the discussion referred to all the subjects mentioned and laid stress on the necessity of advancing gradually from Co-operative Credit to Co-operative distribution and production and utilising the credit obtained by co-operation in the reproduction of wealth. He mentioned the Sale and Supply Society recently started at Rampurhat as the first step in this direction and hoped that the work of the Society would teach the producers how to secure the profits which now go to the middlemen. The members were asked to assist in setting up an industrial museum in connection with the Central Bank which will exhibit the best products of many small industries within the area of the Bank which are not now known to all and which are languishing for want of organization and support. He referred to the importance of irrigation in a district like Birbhum, suggested the organization of irrigation Societies and sketched rough outline of a scheme for fusion of Branch Agricultural Associations with Co-The main idea is to afford facilities to operative Credit Societies. Co-operators for making a proper use of credit by the use of improved implements, good seeds and manures and by practical application of information furnished by the Agricultural Department about cultivation of new crops on waste lands. The essential part of the scheme is to group Societies under Unions which will not only finance the Societies with the help of the Central Bank and supervise their work but run seed and manure and implement stores and provide the agriculturalist with all he requires for his industry. In course of time the Unions may undertake joint sale of agricultural produce and manage Co-operative stores and supply its members with their everyday necessaries of life.

#### 3. Jessore Central Co-operative Bank Ltd.

The annual general meeting of the Jessore Central Co-operative Bank Ltd. was held on Sunday, the 31st August last, at the local Town Hall. The representatives of the Co-operative Societies and share-holders of the Bank attended the meeting in large numbers and took a keen interest in the proceedings. Mahmud, the Joint Registrar in charge of Industrial Societies, attended the meeting and with his usual ardour and genuine desire for advancing the interests of the weavers and artizans helped in the formation of an industrial sub-committee consisting of some Directors of the Bank. This is surely a move in the right direction, as it is expected that the labours of the sub-committee may considerably help in the regeneration of the almost forgotten artizan classes of this district. The weavers. Hindu and Mahomedan, can produce the best cloths but the difficulties in their ways are many. These difficulties it will be the duty of the subcommittee to remove.

At the annual meeting of the Co-operative Central Bank of Jessore, Rai Bahadur Jadunath Mozoomder who presided, in the course of a speech, said: It is only six years since the Central Bank was established and within this short time it was 118 affiliated societies, with 2,515 members, to whom nearly 2 lakhs of rupees have been advanced, and of which nearly 10,000 rupees were advanced last year. That the bank has already secured the confidence of the public is clear from the fact that your deposits amount to more than a lakh of rupees. If the Bank has not been able to do anything else, it has at least succeeded in bringing down the rate of interest in more than 100 villages where co-operative societies have been established. It has proved a veritable blessing to the cultivators of those localities, who are no longer at the mercy of moneylenders, some of whom as is well-known, charge much higher

rates of interest, the bank charge being only 11 per cent. per Deducting all expenses, the bank has still been able to declare a dividend of 8 per cent., keeping about Rs. 1,000 for the reserve fund, Rs. 700 for the building fund, and Rs. 400 for the bad debt fund. The total net profit of the year amounts to It is a matter of regret that some six societies four of which are rather close to the town, should go into liquidation. Such failures are unavoidable. It is also not very pleasing to note that Rs. 65,000 is still overdue from societies. He commended the example of the societies which had published their obligations with punctuality. Referring to a weaving society, he said that, instead of advancing cash he would request the bank to advance varns to the weaving societies and take back dhoties and saries woven by them equal in weight to that of the varns supplied, and give to them the cost of production including their wages which should be fixed per pair of dhoties and saries according to the A sub-committee should be formed for the quality of the yarn. purpose. After referring to the various branches of service which may be rendered by co-operation, he said: The Government are doing their best to promote co-operative societies. Our present Governor, Lord Ronaldshav, like his predecessor, Lord Carmichael, is sincerely anxious to promote the welfare of Bengal. Many of you may have heard of the interest he takes in the co-operative societies and the union committees and it will gladden his heart to learn that the co-operative societies of Jessore are trying their best to improve the health and wealth of the villages in this district, whose population is about 17½ lakhs.

## 4. Chandpur Central Co-operative Bank.

The general meeting of the shareholders of the Chandpur Central Co-operative Bank Ltd., was held on the 14th September last, in the Sub-Divisional Officer's Court building. There was a good attendance of the shareholders. Babu Abani Chandra Chatterjee, Sub-Divisional Officer and Ex-officio Chairman of the Bank, presided. A lively discussion took place over declaring dividend as there was a proposal of setting apart a certain sum for the construction of a building and securing a suitable plot of land

for locating the office of the Bank as its business has considerably increased. The total profit of the Bank for the year ending June 1919, amounted to Rs. 4,450-4-6 including Rs. 4-12-11 pies, brought forward from the last year, against Rs. 3,472-4-4 of the previous year. Out of this profit Rs. 1,200 were allotted to the Reserve Fund, and Rs. 100 to the Bad-debt Recovery Fund, and with Rs. 100 was opened a fund called "Education Fund" to promote education among co-operative societies. Of the balance sum of Rs. 3,050-4-6 Rs. 1,515 was, it is understood, in accordance with the proposal of a majority of the shareholders to be set apart for the building fund. Dividend was declared at the rate of 6¼ per cent. The working capital of the Bank on the 30th June 1919 was Rs. 2,07,796-8-4 pies as against Rs. 1,29,670 of the previous year. The total number of societies in the year ending June 1919 was 100.

#### 5. The Bangabasi College Co-operative Store.

The general meeting of the Bangabasi College Co-operative Stores, Ltd., was held on the 20th inst., at 28, Scott Lane, Calcutta. There was a good attendance of the shareholders, comprising students and professors of the College. Principal G. C. Bose, as Chairman of the Stores, took the chair. The Stores made a profit of Rs. 439 during the short period of seven months which constituted the working period. It allowed the maximum dividend and maximum bonus to the shareholders as laid down in the bylaws. The report, amongst other matters, stated:—

The present year has opened with the adverse conditions of extraordinary high prices for almost all the articles with which the Stores ordinarily deals, but it is hoped that the efficient and economical management of the resources of the Stores by the voluntary band of working members of last year, which has brought such signal success to the Stores in the very year of its inception, will continue in the current year and make it equally successful if not more so. The pivotal idea of the institution, apart from its direct business side, is to disseminate amongst the members the principles of co-operation and their practical application in the industrial development of the country, which, with its illimitable material resources, is awaiting cooperative exploitation in the hands of the people. The members of the institution, instructed and inspired by the experiment which they are conducting in the College, will on their return to their village-homes be the centres of propagation of these principles and their practice, which will attract the whole neighbourhood magnetised into co-operative activity.

The Chairman, in the course of an address, urged all the students to take an active interest in the Store so that it might be a training-ground for a future industrial career which they would do well to choose.

## 6. A Co-operative Store at Pabna.

Owing to the high prices prevailing here two large and well-attended public meetings were held yesterday afternoon under the presidency of Rai S. C. Sen Bahadur, District Magistrate, Pabna. In the first meeting it was unanimously resolved to establish a cooperative store with a capital of Rs. 25,000 divided into 2,500 shares of Rs. 10 each. A board of directors, with the District Magistrate as president, has been formed. The object of the store is to supply rice and other necessities of life at a moderate price to the shareholders. At the second meeting it was unanimously resolved that the District Magistrate be approached to request the local rice merchants to lower the price of rice and sell at a reasonable profit, and that arrangements be made for the import of large quatities of Burma rice.

## 7. A Co-operative Store at Bagerhat.

A Co-operative store has been established at Bagerhat, with a nominal capital of Rs. 1,00,000, divided into 10,000 shares of Rs. 10 each, its object being to supply rice and other necessaries of life to the people at a moderate price. The store is, at present, dealing only in rice, which is sold at a price much below the prevailing market rate. The S. D. O., personally supervises its work almost every day, and is doing his level best to afford relief to the poor.

### 8. The Khulna District Co-operative Conference.

The first District Co-operative Conference was held in Khulna on 14th of September last. It was organised under the auspices of B. C. O. Society and the Khulna Co-operative Central Bank. Representatives of the Central Banks

in Bagerhat and Raruli as also of the rural Banks affiliated to them attended the Conference. Besides representatives of the rural Banks under the Khulna Central Bank most of the leading people of the town were present. Mr. J. Vas, Collector of Bankura, formerly Collector of this District, Messrs. B. Chakerverty and C. R. Dass, Rai Bahadur Indu Bhusan Bhaduri of Nadia. Rai Bhadur Jadu Nath Jessore. Mozumdar of T. C. Roy, Joint-Registrar of Co-operative Societies, Babu N. C. Bose, Personal Assistant to the Registrar of Co-operative Societies, graced the Conference with their presence. The spacious Coronation Hall where the Conference was held was filled to overflowing and many had to stand outside. At a moderate computation, over 2,000 people were present including the visitors. The proceedings were mostly conducted in Bengali and the stirring appeals of the speakers specially those of Messrs. Dass and Chakervarty calling on the audience to join the Co-operative Movement wholeheartedly as the only means of salvation of the indebted peasants made many converts to its cause and imported enthusiasm to the silent and sincere workers in the remote villages. The Conference sat for about 5 hours from 1 p.m. It was arranged that Mr. M. Thorpe 1.c.s., Distrate Magistrate would preside. As he was unavoidably detained in Camp, Babu N. G. Chaki, Deputy Magistrate and Secretary of the Conference Committee moved that Mr. Vas would take the Chair and preside over the deliberations. It was seconded and carried unanimously. The proceedings of the Conference then commenced with a song illustrating the main points of co-operation sung by 2 boys of Naihati. Mr. Vas in opening the Conference expressed the regret which was felt by all at the unavoidable absence of the Collector of Khulna, Mr. Thorpe. He attached the greatest importance to the Co-operative Movement and stated that the Bankura Industrial Co-operative Union had been instrumental in reviving the cloth industry in Bankura and in helping the weavers to tide over the present year of short crops and high prices. While Co-operative Credit Societies were very beneficial and indeed very necessary in order to provide cheap capital to the cultivators and artisans, they had not uptill now, he thought, done much to promote thrift as an object of endeavour in itself. He though that co-operative granaries or "Dharmagolas" would go a great way to encourage people to lay by their surplus produce and they would undoubtedly be of great use in times of distress or famine. He instanced the case of a society of this nature (Ban Asuria) in his district which beginning with less than 50 maunds had in 13 years accumulated a stock of over 540

maunds. These societies possessed also the advantage of extreme simplicity in organisation and in operation.

The President then called upon the Secretary of the Khulna Central Co-operative Bank to read his report. The Secretary Babu Jatindra Nath Ghosh read out his report in which he gave a short history of the progress of the Co-operative Movement in the District, and a brief outline of its possibilities. He emphasized the necessity of organizing in suitable centres throughout the District Co-operative Stores and Agricultural Associations on the lines of Mr. G. S. Dutt's scheme combined with the elements of supply and sale society.

Rai Bahadur Indu Bhusan Bhaduri then addressed the meeting on behalf of the B. C. O. Society. He briefly pointed out the good points of the movement and its abuses. Dr. S. I. Sarkar, Civil Surgeon, Khulna, then read a paper on the co-operative movement in relation to the methods of improvement of public health.

Rai Jadu Nath Mozumdar Bahadur then addressed the meeting at great length. He explained in his own way what co-operation was and compared it to the "Barwari" system. His homely illustrations were much appreciated by the audience. Mr. T. C. Roy, Joint Registrar, then delivered a neat little speech in which he urged the people to cultivate the spirit of Co-operation and explained to the audience its underlying principles and the essential moral force behind the movement. Mr. B. Chakerverty, Bar-at-Law, next rose amidst cheers and lucidly explained to the members the advantages of Cooperation in this debt-ridden country. He called on the educated people to assist their rural brethren and impressed on them that it was their boundenduty to join the movement in order to uplift their status. Mr. J. K. Ghosh, Inspector of Industrial Societies, pleaded for more energy and activity in the direction of formation of weaving and other industrial societies. He enlightened the Conference about the difficulties he had to experience in the course of his official career. Mr. C. R. Das, Bar-at-Law, next exhorted all to cultivate the spirit of unity and to uplift the masses who were really the people of the country. He emphasized that he would throw his with the so-called rather than his cultivator-brethren Bhadra-lôk class who were no better than interlopers. Mr. Hemadri Gupta then addressed the meeting on behalf of the agricultural department and explained the needs for agricultural improvement. Babu Atul Bihari Mullick, M.A., B.L., pointed out the difficulties in the way the progress of the Co-operative movement. He pleaded for the

removal of the appalling ignorance of the Bengal cultivators and for more sympathy on the part of the official workers. He vehementy criticized the caste system and the unsympathetice treatment of the rural population by the Zamindars and Mahajans. Maulvi W. Islam read a paper on "the need for private effort in agriculture." Munsi Khayratulla, an old cultivator and Chairman of a village Co-operative Society, blessed the Co-operative movement for saving the rvols from untold miseries owing to the unsympathetic attitude of the Zamindars and Mahajans as also, to the want of their training in joint-work. Rai A. L. Raha Bahadur then read a paper written by Prof. P. Mukherjee, Secretary, B. C. O. Society, urging the Co-operators of Khulna to start a Branch of the B. C. O. Society at Khulna.

The following resolutions are then adopted: -

- (1) That steps be taken to organize co-operative agricultural associations on the lines of Mr. G. S. Dutt's scheme in combination with the elements of distributive societies, if possible, under Co-operative Societies Act.
- (2) That vigorous steps be taken by the Central Bank to organize co-operative stores in suitable centres throughout the district.
- (3) That it is desirable that a system of payment by cheques be introduced in order to facilitate payment by one Central Bank through another in different parts of the Province.
- (4) That to combat cattle disease, an active propaganda be carried on among the agriculturists and that the Registrar be requested to lend the services of his officers for the purpose.
- (5) That necessary and vigorous steps be taken to combat malaria in the district.
- (6) That a committee of the following gentlemen be appointed to consider the proposal of B. C. O. S. to open a branch here—

Dr. S. L. Sarkar, Civil Surgeon, Sccretary.

Babu N. G. Chaki.

Secretries of 3 Central Banks.

Rai A. L. Raha Bahadur.

The Sub-divisional Officers.

Maulvi Fazlur Rahman, C.I., and the mover (Babu J. N. Datta Choudhuri).

There were lively discussions on many of the resolutions in which Mr. P. Leo Faulkner, S.P., the Civil Surgeon, Rev. Mr. Miller and many others took part.

The following medals and rewards were then awarded to the Secretaries -

#### THREE B. C. O. SOCIETY SILVER MEDALS.

- 1. Babu Bhabanath Smritiratna, Secretary of the only 'A' Class Society in Khulna area. He not only looks after his own Society but looks after the affairs of the Societies of his group at a considerable self-sacrifice and was instrumental in the organization of several societies.
- 2. Babu Bhupendra Nath Chakerverty, Secretary of the best Society in Raruli, Honorary Supervisor of the Raruli C. B. who looks after the Societies at a considerable self-sacrifice.
- 3. Babu Bhagfrath Sen, Chairman of the best Society in Bagerhat area. Through his energy and influence his society has become self-supporting from the very beginning.

#### CENTRAL BANK REWARDS:

- 1. Rs. 20 to the aforesaid Bhabanath Smritiratna.
- 2. Rs. 15 to Hari Mohan Roy Mandal for propaganda and organization and inspection work.
  - 3. Rs. 15 to Munsi Mahbbat Ali Khan for similar activities.

In summing up the proceedings of the Conference the President Mr. Vas stated that the great advantage of such Conferences was the light thrown on the subject-matter of discussion from different points of view. On the present occasion they had before them the views of officers of the Department, of specialists in sanitation like the Civil Surgeon; of Zamindars like Rai A. L. Raha Bahadur, of patriots like Mr. B. Chakervarty who had illustrated by his own example the dignity of labour, of economists like Mr. C. R. Dass who considered the village community the ideal Co-operative Society. The Missionary standpoint was represented by Rev. Mr. Miller and Mr. P. L. Faulkner had made very pertinent observations on veterinary matters. There could be no doubt that the holding of such Conferences stimulates enthusiasm and broadens one's outlook. He drew particular attention to Mr. Chakarvarty's demand for Man-Power in the Co-operative movement. This was the key to success and it was Man-Power represented by two or three earnest and unselfish workers which had made the Bankura Industrial Union an immediate success. One of the speakers had said that a Co-operative Society was the indigenous "Barwari" in western garb. This was not in his opinion correct, because the former is founded on a spirit of mutual trust and unselfishness, the stronger helping the weaker, and one of its main objects is the moral and economic improvement of its members, co-operation represents something

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much more than the advantages of combination which is all that can be claimed for Barwari.

In conclusion he thanked the organisers of the Conference for the trouble they had taken and congratulated them on its success.

A vote of thanks proposed by Rai A. L. Raha Bahadur was lustily responded to.

The meeting separated at about 5-30 p.m. Light refreshments were then served to the members and visitors.

## **NEW LINES OF CO-OPERATIVE ADVANCE IN BENGAL**

I. Report of a Committee (consisting of Professors Satis Chandra Ray, P. Mukherji, and Bhujanga Bhusan Mukherji), appointed by the Calcutta University to consider and report on the question of establishing a "University Co-operative Stores". (September, 1919).

The Committee elected Professor S. C. Ray to be its Chairman and Babu Bhujanga Bhusan Mukerji to be its Secretary.

The Committee held 8 meetings of which 2 were held at the Office of the Bengal Co-operative Organisation Society at Dacre's Lane and 6 were held at the University Buildings.

On the 15th July last the Committee inspected the Bangabasi College Co-operative Stores.

We have thought it advisable to outline the general features of a scheme. If these are approved and if it is decided to start such a society on the lines indicated by us, it will be necessary to frame bye-laws of the Society. The model bye-laws framed by the Co-operative Department may serve as a guide. A copy of the bye-laws of the Bangabasi College is also appended.

The questions referred to the Committee divide themselves into two parts, viz:—

- (1) the establishment of independent Co-operative Stores at the different Colleges in Calcutta affiliated to the University; and,
- (2) the establishment of a Central University Stores federating and co-ordinating all the branch College Stores. The work of the Central Stores, it is understood, will be very largely confined to the work of buying wholesale in order to supply the Branch Stores.

We deal with each of these two points separately.

#### PART I.

Branch Co-operative Stores.

We recommend that real and earnest efforts should be made at once for the purpose of encouraging the establishment of Co-operative Stores in connection with each of the affiliated colleges of the Calcutta University situated in Calcutta. Indeed, as we shall show later on, without such basal individual Stores, it would not be possible to build up "a Central University Co-operative Stores" as was suggested at the meeting held on the 3rd July last. And the more such stores are started in connection with the different Colleges, including Colleges of all types, the more will they give the students the best initial and preparatory training necessary for the purpose of managing and controlling the "Central Stores" when it is established. These Co-operative Stores are, at the present time in India, being started very largely as experiments, which, if successful, will go very far in solving some of the acutest economic problems of the country. We are therefore very anxious that nothing should be done to rush students into it without sufficient experience and a genuine spirit of co-operation, and it would be much better to proceed slowly and cautiously, so that we may be quite sure of our ground before we undertake "a Central University Stores."

The idea of Co-operative Stores, it must be frankly admitted, is new and is very far from being popular. The vast city of Calcutta with a student population of about 16,000 has only 3 College Co-operative Stores, viz.: the Bangabasi, the C. M. S. and the Vidyasagar College Stores; and though attempts are being made to open a fourth—the South Suburban—it is still in a nebulous stage. Even as it is, the Stores that have been opened already are neither very popular amongst the students, nor specially successful as Co-operative Stores. An illustration will perhaps make this quite clear. The Bangabasi College Co-operative Stores has only 130 student members out of a total number of 1700 on the rolls. The percentage of members to the total number of students is thus about 8 p. c. This shows a great lack of interest; and no Co-operative Society can thrive unless it is based upon a spontaneous and willing spirit of co-operation. As matters stand at present, the only chance of success of these College Stores lies in the hope of supplying stores to the College Hostels and Messes. The students of the College as a body, bring very little custom and evince very little interest in the Stores.

We now come to the practical side of the question, viz., how best to start such independent Stores in the various Colleges in Calcutta. For this purpose we divide the Colleges under 2 broad heads, viz.:

- (a) Colleges directly under the control of the University. In this category come the University Post-graduate Classes (Arts and Science) and the University Law College.
- (b) Colleges affiliated to the University.

As regards (a) above, the University should take the initiative in starting Co-operative Stores and as this question was specifically referred to us, we beg to submit herewith our recommendations as how best to start an independent "University Co-operative Stores." This will be found in Appendix A to this Report. We have only considered the general features of the scheme, leaving details to be settled later on. If the general scheme is accepted it will be necessary to frame the detailed bye-laws and we suggest that the assistance of the Bengal Co-operative Department may be invited for that purpose.

As regards (b) the University can of course do a great deal by way of encouragement and by example. Some of the methods by which the idea may be popularised are discussed later on.

We accordingly recommend that steps should be taken at once to start in the first instance independent co-operative stores in the Calcutta Colleges. These should form the basis of a bigger federal system in the future. As these increase in number and strength, and as their working spreads the idea and demonstrates the advantages of co-operation amongst the students, the question of starting a central "Stores", affiliating to it all the Branch College Stores may be fitly considered. Such a Central "Stores" will however deal both wholesale and retail—but chiefly wholesale—whereas the Branch Stores will deal in retail only, and the advantages that will be derived from such a federation will be mutual.

#### Some of the Difficulties to be overcome.

In order to ensure the success of these stores, it is essentially necessary to provide as follows:—

- (A) There must exist in the students a large amount of co-operative spirit and interest. We can help to create and stimulate it by propaganda work, particularly at the beginning of each session—by means of
  - (1) Lectures in Schools and Colleges organised either by the University or by the College Staffs or by students themselves or the University Stores or with the help of the B. C. O. S.
  - (2) Suitable pamphlets and leaflets published in easy English and Bengali on the lines of those published by the Co-operative Union of England for the benefit of the poor and even illiterate workers.
  - (3) Prizes or medals awarded to persons on the practical working of Co-operative Stores.

- (4) Actual demonstration of the benefits derived from College Stores or the University Store.
- (B) Loyalty of members to the Store.

It is of no use starting a "Co-operative Stores" amongst certain people unless those who join it give it their loyal support. A Co-operative Stores is meant for trade—not with the general public—but with a certain limited class of members only. It is evident that unless that limited number of men give their best support, the "Stores" has no chance of success: we must see therefore that the members always buy from the Stores. Theoretically, of course it is to the interest of every member to buy from the Stores only, because he gets either a rebate or a bonus; and it is upon this principle that co-operative stores have been built. But practice is widely divergent from theory. The want of loyalty of members to co-operative stores is an usual complaint in all countries, and India is no exception to rule. At the Bangabasi College Stores, which we saw, we heard the same complaint. The practical difficulties which stand in the way are:—

- (a) All members of the society do not live sufficiently near the "Stores" to be able to resort to it for all their purchases, e.g., if the University Stores is located in College Street, a University student living, say, in Bhowanipore can not be expected to go to College Street for his provisions, clothes, etc. The question of distance is a very great factor which prevents complete loyalty, particularly in a City of long distances like Calcutta. The only possible remedy-is to increase the number of branches in different parts of the city so as to bring the maximum number of students within the economic circumference of the branches. But this is very difficult at the start to accomplish.
- (b) Trade Jealousy—The Co-operative Stores will naturally meet with the opposition of those people in whose lines of business it will compete. This is a point which needs very little argument. Nobody ever could please his trade rivals and yet make business. If however it had been a question of merely displeasing the trade very little need be said. But we anticipate active opposition, and hence it is necessary for us to proceed very cautiously. One way of meeting this opposition would be a "Central Stores" but for reasons stated elsewhere, we are unable to recommend its establishment at present. We give here an example of the nature of opposition which we anticipate:—

The Bangabasi College Stores began to deal in books in which largest profits were expected, but they had to give up the attempt because they failed to negotiate successfully with the wholesale book-sellers, who refused to deal with them. The Book trade is very closely organised in a Book-sellers' Association which resents intrusion by any co-operative stores into what it regards as its monopoly. The Association threw difficulties in the way of the Bangabasi College Stores; it refused to sell to the Stores either on commission or credit, and it insisted upon the Book Branch of the Stores having a separate location, unconnected with any other business. These are some of the difficulties which confront the successful working of College Co-operative Stores; and it is quite possible that other difficulties may be created by the Association if a College "Co-operative Stores" was actually started.

#### PART II.

We now proceed to discuss the question of a "Central Federated Store," which was referred to us in the meeting held on the 3rd July, by which the present Committee was appointed. The idea of a "Central Stores" is that the central body would be a federation of all the individual stores started in connection with each particular College. The relation between the two would be that the Central Stores will buy in large quantity wholesale from the markets and supply them to the Branch Stores. Such a "Central Stores" would have the following advantages:—

(1) If unity is the soul of co-operation, a Central Store would be the only logical destiny of Branch Co-operative Stores. It is evident that the individual co-operative stores, however well-managed, must necessarily be weak and without influence, as they would consist of limited membership, limited capital and would have to deal with the limited demands of members. Under these circumstances the individual co-operative stores would not command strong positions as buyers. Coupled with this, the opposition which they would excite in the trade would not be inconsiderable. These factors would place them in a very weak position, and it may not always be possible for them to buy as cheap wholesale as they could do under a more strongly organised system. The market might refuse to deal with them—we apprehend it will be the case at least in the Book trade. The Bangabasi College Stores is an illustration

in point. If however all the College students of Calcutta could be organised in a Central Society and induced to buy their books through their College Stores, the opposition of the trade could possibly be overcome. And this can best be done by a Central Society with a larger membership and a larger custom which would assure for it the monopoly of a buyer. Such a society can negotiate on equal terms with an ordinary trade combine and thus the Central Stores would give the individual stores a reasonable chance of existence.

But unfortunately, we cannot recommend its establishment at present for the very simple reason that the constituent College Stores on which alone a Central Stores may be founded, do not exist in sufficient numbers at the present time. There are only 3 such stores now and none of them is strong enough to outlive the slightest adverse circumstances. It is therefore necessary to build a Central Society on the foundation of individual College societies.

#### APPENDIX A.

- 1. The society which is to be registered under Act II of 1912 is to be named—"The Calcutta University Co-operative Stores."
  - 2. Its objects are: -
    - (1) to assist the members of the society in purchasing at reasonable rates such commodities as are generally required by them; (2) to carry on in common, trade, both wholesale and retail, for the benefit of the members; (3) to encourage thrift, self-help and co-operation generally among the members and to promote the development of co-operative ideas and enterprise among them.
- 3. The registered office of the society shall for the present be located at the University Buildings. Ultimately however, the Office and the Stores must be removed to College Street, as near the University as possible.
  - 4. Membership of the society shall be open to
    - (i) All Fellows of the University.
    - (ii) All Post-graduate teachers and students of the University including the University Law College.
  - (iii) Such other persons belonging to the permanent establishment of the University, the University Colleges (including the Law, College) and the Hostels and Messes attached to such Colleges, as approved by the Board.

- (iv) All ex-students and ex-teachers of such Colleges as approved by the Board.
- (v) All employees of the society.

We cannot at present recommend that outsiders should come in and be allowed to participate in the benefits of the stores. It is however understood that members are to be allowed to make purchases not only for themselves but also for their families.

In the Bangabasi College Co-operative Stores, however, they sell things even to non-shareholders and outsiders after meeting in full the demands of the members.

The same rule may with advantage be followed later in the case of the University stores. Indeed, if the stores can be well advertised and well managed it can do a lot of business and supply orders of mofussil students which might be a source of great profit to the Stores.

5. Capital—The capital of the society shall be for the present Rs. 10,000 only, divided into 1,000 shares of Rs. 10 each to be subscribed by the members only. The society shall have power to increase the amount of capital by a resolution to that effect at the annual general meeting whenever it appears that more capital is necessary for the expansion and development of the society.

It is unnecessary to start with a very large capital—not at least until we are quite sure that we can employ the whole amount profitably. The amount of capital ultimately necessary will depend upon the volume of the business which in its turn will depend, first, on the number of our members and, secondly, on the loyalty which the members show in purchasing from the stores. Both these factors are at present uncertain and we ought to be cautious as regards the initial amount of our capital. It is quite possible to do a large business with a small capital if the turnover is rapid and it is therefore unnecessary to begin with a large capital. The Bangabasi College students number about 1700. But the College Co-operative Stores has a paid up capital of Rs. 1,500 only. We were told by the Assistant Secretary of that stores that they did not really require more capital as the volume of business carried on was limited. Similar reasons apply in the case of the stores we are going to open. The number of students in the University Post-Graduate and the Law College and the number of teachers, Fellows, etc. who are likely to join do not probably exceed 2,000. The proposed stores will provide for a portion only of the needs of a fraction of these 2,000 men. Hence we really do not require a very large amount of capital at the outset. Power should however be reserved to increase the capital if and when necessary.

Shares must be transferable, e.g., by application. Each year some of the students who finish their courses or who leave their studies may desire to dispose of their shares. In such cases provision must be made for transferring them to new-comers. This facility of transfer is essential; for if students understand that they can easily dispose of their shares at any time they choose, they will buy freely, whereas the non-transferability of shares will act as a great check.

Canvassing may be necessary at first to sell shares by meetings at Colleges.

The office-bearers of the society shall consist of: -

- (1) A President.
- (2) A Vice-President.
- (3) A General Secretary.
- (4) A Treasurer.
- (5) An Accountant.

The office-bearers are to be elected by the Board from amongst the general body of shareholders as soon as it is constituted after the annual general meeting.

The Board (1) It shall consist of persons representing the following classes of shareholders who shall form the Electorates:

- 3 from the Fellows of the Senate.
- 5 from the Teachers of the Post-Graduate classes (including the Law College).
- 15 from the Students.
  - 2 from the Clerical Staff of the University and the employees of the society.
- (2) The members of the Board shall be elected, by the respective Electorates, by ballot in the annual general meeting—to be held in the month of July on the re-opening of the Colleges after the Summer Vacation.
  - 9 members will form a quorum.

#### EXECUTIVE COMMITTEE.

(1) Immediately after the election of the office-bearers the Board shall elect from amongst themselves an Executive Committee of 7 members.

- (2) The Executive Committee will appoint its own Chairman and Secretary.
  - (3) Quorum—3.

The commodities in which the stores will deal.

The selection of the commodities in which the stores shall deal is always difficult and is liable inspite of best efforts, to be more or less arbitrary. The principles which should regulate such selection are, we take it, as follows:—

- (a) They must be commodities which are of daily use and are in large demand by students who are to form the majority of members of the society.
- (b) They must be commodities which do not involve the laying out of a very large amount of capital at the outset, so as to be beyond the financial means of the society.
- (c) They must be commodities in which there is a fair chance of profit.

On these principles the society should in the first instance deal in the following things only:—

- 1. Books.
- 2. Stationery (paper, bound exercise books, letter-papers, envelopes, blotting papers, nibs, penholders, pencils, ink, soap).
- N.B.—Exercise books, letter-papers and envelopes may even be prepared by the Stores itself.
  - 3. Provisions: --

Rice, Ghee, Ata, Dal, Oil, Flour, Fish, Potatoes, Spices, Condiments, Tea, Biscuits, Bread, Butter, and Sugar.

- 4. Dhoties.
- 5. Boots and shoes.
- 6. Miscellaneous-Matches, Candles, etc.

The above list may however be altered from time to time by the Board.

Terms on which members are to be allowed to participate in the benefits of the society.

Members may be allowed

- (a) a rebate in the price; or
- (b) a bonus on the amount of annual purchases.

Generally speaking, members prefer a rebate to a bonus for the simple reason that in case of a rebate the benefits of membership in the society are realised often—indeed, every time that a purchase is made—whereas in the case of a bonus, the benefits come once a year only.

Further, a rebate policy will be doubly welcome in these days of high prices, particularly amongst the poorer members of the student community.

But the principle of rebate is difficult to work, and unless very carefully managed, is likely to lead to very grave complications. The task of fixing the amount of rebate and the extent to which the market prices are to be reduced for sale to the members of the society are necessarily very difficult; it will require the services of trained market experts conversant with daily movements of market prices of the various commodities to determine them. To command the services of such experts will be a very difficult task at the initial stages of the Society's life. If goods are sold at less than market prices, it may be suspected that the goods sold are adulterated or of inferior quality. It is of course understood that the principle of rebate can be arranged more easily in case of some commodities than in case of others, e.g., books.

We are therefore unable to recommend that the principle of rebate should be adopted in all cases though we realise that such a principle, if it could be practically worked, would be very welcome to the members. We therefore recommend that

- (a) In case of books the principle of rebate be adopted and books are to be supplied to members at a rate of rebate to be determined by the Board from time to time.
- (b) As regards other commodities they are to be sold as near the market prices as possible and bonus is to be granted to members, at the end of the year, proportionate to the value of purchases made during the year.

How can the University help the movement.

- 1. By giving the "University Stores" a temporary location in the University Buildings.
- 2. By encouraging it by moral support, and enabling the members of its teaching and clerical staffs, particularly at the initial stages, to buy shares by making advances—such advances being recovered in equal monthly instalments.
  - 3. By uşual propaganda work.
- II. Statement of work done by the "Students' Co-operative Stores Organization Committee" submitted by Prof. Rajkumar Chakravarty, M.A. to a meeting of the Committee held in September last.

The Students' Co-operative Stotes Organization Committee came into existence as the result of the Students' Co-operative Conference held at the

Calcutta University Institute on the 20th March, 1919. The first meeting of the Committee came off on April 4, 1919. As it was then the fagend of the session, no work could be taken in hand in some practical form, the 2nd and 4th year classes having been already dissolved. The new session has already commenced and our real work has to be done now.

Of the two College Co-operative Stores already existing, the Bangabasi College Co-operative Store has just completed its first year. I am glad to inform that it has presented a brilliant record of work under the management of our worthy representative Mr. S. N. Dey. The Accounts show that the stores has made a profit of Rs. 439-4-4½ of which about Rs. 150 will go to the Reserve Fund and a dividend has been declared at the rate of 7½ per cent. and a bonus of Rs. 128-12-0 to the members and a rebate to the members of Rs. 43 We wish the Bangabasi Co-operative Stores still more glorious success in years to come.

About the C. M. S. College Co-operative Stores we cannot unfortunately say the same thing. Owing to some internal difficulties, the Co-operative Store there could not work for sometime last year and the balance sheet does not show any profit. The store has however been revived and has started work afresh.

The 3rd College Co-operative Society that has just applied for registration is the Vidyasagar College Co-operative Society. The office of the society is at present at the Vidyasagar Hostel and its establishment is due to the energy and enthusiasm of the Superintendent of the Hostel, Prof. J. K. Chaudhury. For the present it is in its experimental stage and its activities has been confined to a few chief articles of consumption. We have every hope, under the management of Prof. Chaudhury it will also prove a success.

The Sibpur Engineering College is now enjoying its 3 months' long vacation. Our representative there, Mr. B. C. Gupta, has done the necessary spade-work in the meantime for the establishment of a College Co-operative Stores there from the middle of November, when the college reopens. It is very encouraging to hear from Mr. Gupta that within 24 hours calls for shares elicited a promise of Rs. 5,000, half from amongst the staff, about Rs. 2,000 from amongst students and Rs. 500 from the ex-students. We hope that Mr. Gupta will leave no stones unturned in starting the Co-operative Store in his College.

Next, we turn to the Presidency College Hostel, i.e., the Eden Hindu Hostel. Here have arisen some practical difficulties. The mess-committee there has already been working on a Co-operative principle, though not in

name. The steward there, who is a Government servant, manages the messing and is responsible for the store under the instructions of the messcommittee. It is feared that when the Co-operative Store will be started, he will be relieved of the responsibility that now lies on his shoulders. Next all accounts there are now settled by the Accounts Department of the Government. Regarding the conversion of the caution money into the shares of a Co-operative Store and some other important matters relating to the Accounts, the boarders of the Eden Hindu Hostel have not the same kind of free-hand as those of the private colleges like the Bangabasi or the Vidyasagar have. Attempts are however being made to remove these difficulties. But the boarders there have been doing one very useful thing. They have started a Co-operative Book Agency under the secretaryship of our representative, Mr. Nalinakshaya Sanyal. He has arranged with a local book-shop that on his giving a slip under the name of the Eden Hindu Hostel Co-operative Book Agency, the Book-shop will supply the members with the required books and give the Agency some to P. C. commission. In this way, the Eden Hindu Hostel Co-operative Book Agency has already bought and distributed books worth Rs. 2,000 and the Agency has got some good commission. No doubt, this is Co-operation in some shape. I am glad to observe, that the idea of a Co-operative Book Depot is there and I hope, erelong, the boarders of the Hostel will be able to give the scheme some practical shape.

I would now tell you, gentlemen, some of our experiences—the difficulties—that often arise in connection with the starting of a Co-operative Store in a College. Firstly, the Store must have at its back a Hostel consisting of a large number of boarders, say not less than 100, who must buy their articles of consumption from the Store. To this patronage may be added, that of the messes attached to the college, of the Professors and ex-students. The want of such a source of permanent support  $(i.e. \ a)$ College Hostel) has offered a various obstruction in the way of the establishment of a College Co-operative Store in the Medical College and in South Suburban College, where we have got as our representative such enthusiastic champions of the Co-operative movement as Rai Bahadur Dr. C. L. Bose, Principal Sinha. The Scottish Churches College, though it has got a number of very well organized hostels, has to face the same difficulty to some extent. Some of its hostels has got such a large member of boarders as the Bangabasi, City or the Vidyasagar Hostels. This brings us to the question of a Central Op-operative Store for the Colleges, from which large supplies may be made

to the various co-operative societies attached to the colleges. The Principal of the S. C. College, though highly appreciating our object, was very sorry to observe that he had no central house, nay a room—to spare, where he could start the store and he greatly expected that a Central Co-operative Store would soon be started to remove this difficulty. Unless and until such a Central Co-operative Store is started and a large stock of articles is kept there at a wholesale price, the feeder-societies, (i.e., the different college stores) can not be expected to flourish. The secretaries of the different college stores have to take individually much trouble to ascertain the market price of things and the place where the cheapest rate is available, so much so that these Hony. workers have seldom any leisure in life if they are to do their work sincerely. All these troubles can be saved if there be a central store. Further, if such a one exists, other colleges also will not feel shy in starting a co-operative store in their places; for, the most difficult part of the task, i.e., having the best thing at the cheapest rate, will then be taken over by the central store. If this scheme be not practicable at present I would suggest the formation of a Central Purchasing Bureau at once, the duty of which will be to be in touch with the current market price and to know for themselves and to inform the existing Co-operative Stores where the best thing at the cheapest rate is available.

The next difficulty in the way of starting Co-operative College Stores arises from want of a suitable man to act as the secretary and be responsible for the Store. My slight experience tells me that some Professor or Professors must be in charge of the society or the Store, and the students—who are an ever-shifting generation, may be taken in as assistants only. But the work of the Secretary in not merely one of brain—he has to look out in the market for the best thing at the cheapest rate, so that the work very often proves too heavy for him, both physically and intellectually. Hence the need of a paid man to go about marketing has been urgently felt in some places. But a paid man, at the same time an honest and responsible man, is seldom to be come across. The bazzar Sircars, of whom every hostel has got one or two, cannot be entrusted with this work, as they will try to gain some premium from every shop which will supply articles.

These are some of the difficulties which I have to place before you for your consideration. In conclusion, I would ask you all to proceed slowly in this matter of starting co-operative stores. Better that there should be only one co-operative society which will be a success and an ideal than a dozen other societies which will be failures and will injure the cause of the

Co-operative movement as a whole. We must not go upon ideas merely. I am not in the least discouraged at the rather slow progress of our work—I am not sorry that every college has not started a co-operative store by this time. The ground must be prepared first. Unless there come forward some really enthusiastic professors and students who will devote themselves wholeheartedly in this work, let no Co-operative Store be started in any college. It is my painful duty to sound this note of warning before I take my seat.

III. Extracts from the Report of the Committee appointed to give effect to Resolutions No. 11 and 13 of the Tenth Provincial Co-operative Conference regarding the further development of Industrial Co-operation in Bengal.

The following agenda had previously been drawn up and circulated to the members:—

- 1. To consider (a) what industries should be taken up first for organization, and (b) what areas should be tapped first.
- 2. What form of Co-operative Organization (as for instance, industrial unions or supply and sale agencies or sub-committees of Central Banks) is best suited for developing the cottage industries?
- 3. Whether Industrial societies should work invariably under the Bani system or whether cash advances also should be permitted? If the former what arrangement should be made for supplying the raw materials and disposing of the finished products;—whether there should be a Central Organization at Calcutta or Local Organizations in the Districts.
- 4. How far the Bengal Home Industrial Association can be of help in developing industrial societies with finance and in other ways, as it does in the case of the individual artisans in different localities? Could not the said Association be converted into a Co-operative Wholesale Society for Bengal?
- 5. What is the best way of giving effect to Mr. L. M. Gupta's Proposal mentioned in Resolution No. 13? Can a shop be started co-operatively? If so, in what goods should it deal?
- 6. What should be the part of the Co-operative Department in developing Industrial Societies?

At the out set the committee wanted to know the present situation so far as the industrial societies are concerned. The Joint Registrar gave a brief summary of the progress made with such societies in the course of the past official year and of the information and experience gained thereby. From this it appeared that at the end of the year there were 165 industrial

societies, of which weaving societies numbered 101, fishery societies 27, milk-supplying societies 21 and shoe-making societies 5. There were, besides, a small number of silk-recling, cocoon raising, toymaking, oilpressing and irrigation societies. These societies were scattered all over the province. The Bankura district alone had 41 weaving societies and these were reported to be doing well. The Join Registrar explained that this was due to the fact that the work was carried on systematically under a special organization known as the Bankura District Co-operative Industrial Union. The success of the milk societies in Baraset also was attributed to a similar cause, viz., the formation of a milk Societies Union at Calcutta. The Joint Registrar briefly related the system of work of the above unions.

The Committee then considered the subjects on the agenda one by one and arrived at the following conclusions:—

- I. In addition to the industries already taken up the following should be taken up for organization first—
  - (1) Button-making in Dacca, Brahmanberia, Naogaon, Sundarbands,
  - (2) Basket making and cane worn in Brahmanberia, Mymensign, Pabna, Faridpore, Midnapore.
  - (3) Mat-making in Midnapore, Naogaon, Pabna.
  - (4) Gunny-weaving from jute and canvas-weaving from hemp in Brahmanberia, Barisal, Pabna.
  - (5) Brass and bell metal in Midnapur, Bishnupore in Bankura Dhamuri, Kagmari in Tangail.
  - (6) chank manufactures of Dacca.

Special attention should be devoted to the development of the following industries on co-operative methods—

- (i) Silk manufactures in all its branches.
- (ii) Oil pressing both mustard and cocoanuts.
- II. Industrial unions of the Bankura Model are the best agencies in the mofussil for the supply of raw materials, sale of finished products and financing of Industrial Societies. In places where such unions cannot be immediately organised on account of smallness of number of Industrial Societies the work may be left to the central banks. The Provincial Federation should have a special committee of its own with business men and representatives of mofussil Industrial unions and societies co-opted on it, to arrange for financing, supply of raw materials and sale of finished products.
  - III. As a rule, cash loans to members of Industrial societics should be

discouraged and should not be granted except under exceptional circumstances.

- IV. The Co-operative Department should provide for adequate expert supervision and guidance of the industrial societies and should arrange for exhibitions and propaganda work.
- V. As to item 4 in the agenda of the committee was of opinion that it is not much use asking the Bengal Home Industrial Association to undertake the duty of helping the Industrial societies on any large scale. It is enough if it serves the purpose of one of their marketing agencies.
- Mr. L. M. Gupta having withdrawn his proposal, the committee did not consider item No. 5.
- IV. Extracts from the Report of the Committee appointed to arrive at a workable Scheme of Co-operative Training.

The following agenda had previously been drawn up and circulated to the members—

- 1. For what class of men is training necessary? Does this class include Secretaries of rural Societies, Supervisors, Inspectors, Auditors and paid Secretaries of Central Banks who are at present working or does it include only future recruits to these posts?
- 2. Is it necessary to have an "Examiner" or a "Head Secretary" for a group of village societies, as in Commilla?
- 3. Should the training of all the above classes be taken in hand simultaneously? If not, which class is in urgent need of training?
- 4. Where should the training be given and who should make arrangements for the training—the Central Banks? or the Registrar? or the B. C. O. Society? Should we adopt Babu U. N. Sen's scheme of training rural secretaries and Babu B. K. Das's scheme of training supervisors?
- 5. Should there be a Central Co-operative Training Board in Calcutta as described in Prof. Mukherji's paper?
- 6. Will there be any necessity of appointing "Divisional Instructors" or of deputing experienced Inspectors or auditors for the purpose of conducting such training classes?
- 7. What should be the period of the year when such training should be given?
  - 8. What should be the curricula for each class of officers to be trained.
- 9. What arrangements can and should be made for giving practical training to new recruits?

- 10. In case a training class is opened in Calcutta, will it be open to all? If not, what conditions have to be fulfilled for admission?
- 11. Can not arrangements for higher co-operative training be made in connection with the Calcutta Commercial Institute or the University or the Bengal Provincial Federation of Central Banks?
- 12. Who will bear the cost of the training classes, should any one be started?

The Committee met on the 5th September and again on the 13th, considered the subjects in the agenda one by one and came to the following conclusions:—

- (1) The Committee is of opinion that Training is necessary for the new recruits primarily and for officers both under Central Banks and under Government, generally of not more than year's standing.
- Both Theoretical and practical training ending in an examination is necessary for new recruits. For officers (including paid secretaries and honorary organizers) already in service for less than three years both practical and theoretical training is necessary. Officers working for over 3 years should undergo training, if required by the Joint-Registrars. Power of exemption should be retained by the Registrar for any class of officers.
- (2) Generally the societies should be divided into groups consisting of not more than 25 societies each, placed under a supervisor in preference to an Examiner which system the Committee does not recommend. If however, a Central Bank can afford to pay, the circle of a supervisor can be further divided into smaller groups and placed under Examiners, if effeciency requires it.
- (3) Village Secretaries and Supervisors should be trained first. The village Secretaries will be trained ordinarily in their homes by Supervisors and Auditors under direction of C. I. But Central Banks may arrange for their training at other convenient centres.
- Both the department and the C. B's. should make arrangements for this training with the assistance of Departmental officers.
- The curriculum proposed by Babu U. N. Sen is approved but circulars concerning the societies should be added to it and a treatise in easy Bengali should be compiled and made over to the B. C. O. S. for publication dealing with (1) Act, (2) Rules, (3) Circulars,

- (4) Principles so far as they relate to the societies.
- (4) For the training of Inspectors, Auditors and Supervisors (Theoretical) there should be a Central Training Board in Calcutta organized by B. C. O. S. with either one training centre in Calcutta, or preferably two, one in Calcutta and one in Dacca, both being Controlled by the Central Training Board in Calcutta.

The function of the Training Board should be as follows:-

- (1) to organize (if necessary) separate courses of lectures for (a) Inspectors, (b) Auditors, (c) Supervisors, (d) Hon. Organizers,
  - (e) Paid Secretaries of Co-operative Societies, (f) Hon. Secretarics who are willing to undergo the necessary training;
- (2) to prescribe curricullas—for different classes of officers;
- (3) to arrange for an examination or such other test of proficiency as may be decided upon by the Board.

The Committee recommends that an experienced officer of the Co-operative Department should be deputed by the Registrar to help the Secretary of the Board in conducting the affairs of the Training class.

The Committee is of opinion that the course should be held some time in cold weather and the period of training should be not more than 6 weeks.

- 5. Those who succeed in the Theoretical test must be deputed for practical training to moffusil under circle Inspectors.
- 6. Outsiders may also be admitted to the training class in Calcutta or Dacca on such terms and conditions as may be determined by the Board.
- 7. There should be a chair for higher Co-operative instruction and research in the University and the University authorities may be moved to consider the recommendation.
- 8. In view of the fact, that Government Officers, viz., Inspectors, Auditor would receive instructions and in view of its importance in the sound development of the Co-operative movement, Government should bear the costs of the Training class.
- 9. With regard to new recruits it is recommended that they should be given provisional appointment with subsistance allowance first and should be asked to deposit such a sum as may be determined by the Board. In case of failure to pass the tests and consequent removal from service the subsistance allowance paid to them would be deducted from their deposit. If they be given a second chance in case of failure, the expense of their training should be borne by themselves.

# THE BOMBAY CO-OPERATIVE CONFERENCE

The Provincial Co-operative Conference which has just held its sssion in Poona is welcome evidence of a work that is going on in many of the most out of the way places all over the Presidency and amongst all sorts of people—townsmen or countrymen, capitalists or wage earners, officials and honorary workers—a work that has for its objects the improvement of the economic condition of the people, the inculcation of habits of thrift and punctuality in payment, the training of the villager in the simplest elements of village banking and that strengthening of the character, both of communities and of individuals, that comes from a united purpose and a common effort. Of the three hundred and seventy-two members of the Conference, two hundred and thirty-one were either elected delegates or invited representatives of different societies, and eighty-eight represent the number of volunteer honorary organisers, so that it will be seen that the official element amongst the co-operators is a very small one. Unlike other countries, the movement in this country has been initiated and carefully fostered by Government. The holding of the Conference and the presence of His Excellency the Governor are themselves evidence of the interest Government takes in the movement. But no one will be more anxious than the Government officials that as the societies grow in the power of self-management the need for official supervision should grow less. A sub-committee, of which Dr Mann was the chairman, resolved "that the organisation of further societies, so far at least as credit is concerned, should be left in the hands of non-official agency," and such a resolution is quite in accord with the lines on which a healthy growth should be looked for, but at the same time certain cautions will have to be taken if the cry of de-officialism is not to lead to undesirable results.

Progress in self-government varies so enormously that, while some societies can govern themselves without much outside help, others depend largely on official supervision if any satisfactory

work is to be got out of them, so that the withdrawal of official supervision should only be in proportion to the capacity shown by the societies for governing themselves. It will also be necessary to watch lest while removing one form of bureaucracy—that of the official—another is established in the person of some capitalists who because they finance societies claim to dominate the committees of such societies. The movement, if it is to be thoroughly democratic, must be on the basis of one man one vote and this is not always acceptable to those who would seek to increase their voting power in proportion to their power of investing. If this were allowed, the democratic nature of a society would soon disappear in favour of an oligarchy. There seems to be a certain amount of inconsistency in the way in which some of members of the Conference, while urging the withdrawal of official control, demand at the same time larger privileges from Government as to the recovery of debts due or the power to sue non-members. Conference as a whole rightly left these matters alone, considering that the bolstering up of the movement by special legal privileges would not commend it to the public and is not a healthy form of growth. One work which might well pass over from the Registrar to the Bombay Central Co-operative Institute is that of organising the Conference, and drawing up a proper constitution with rules for its guidance, so that it may become a conference that can claim fairly to represent all the multifarious interests that are covered by the Co-operative Movement. How varied those interests are can be seen from the official report of the working of Co-operative Societies in the Bombay Presidency for the year ending 31st March, 1919.

The question of providing sufficient capital to meet the needs of the primary or agricultural societies rightly occupied the attention of the Conference and the clear statement put out by the Committee over which the Hon. Mr. Chunilal V. Mehta presided is valuable as a definite enunciation of the principles that should govern the financing of these societies. The Committee states, "There should be only one agency for the financing of primary societies in one particular area." That is to say, a primary society in need of capital should apply through its guaranteeing union to the District Bank in the first instance, and not to the Provincial

Bank, unless the District Bank is unable to make the advance Obviously, the directors of the District Bank will be in a better position to know the condition of the primary society applying for an advance, and on the other hand the primary society can be better represented by its delegate on the board of the District Bank than on that of the Provincial Bank, which is so much further removed from the district in which the primary society is situated. Co-operators would do well to put the work of the District Banks in the forefront of their programme, so that local capital may be invested and their ability to finance the primary societies of their respective districts largely increased. The District Bank ought to be a more popular financing agent for the primary societies than the Provincial Bank, since its directors are better known in their several districts and the horizon of the ordinary cultivator generally finds its limits at the district headquarters and not at Bombay. The resolution of the Hon. Mr. Mehta's Committee has the merit of simplicity and this is a great desideratum in matters affecting primary societies.

It is probable that this thought was in the minds of those members of the Conference who opposed the suggestion of appointing supervising councils to overlook the managing committees of the primary societies on the ground that it would lead to a greater intricacy of organisation without a corresponding advantage. the last Provincial Conference Mr. Kelkar pleaded for the establishment of such councils for urban societies and this has been permitted, but the extension of this to primary societies was a matter about which the opinion of this year's conference was divided, and at the suggestion of His Excellency the matter was left over till the next Conference, when it can be decided in the light of fuller experience. There is a tendency to form far too elaborate an organisation and the promoters will be disappointed when they find that it is too intricate and becomes merely a paper organisation. The Hon. Mr. Lalubhai Samaldas, in urging the claims of the Central Institute, wishes to make it the chief means of propagandist activity, with apparently local committees, while the Registrar in his paper on Federations puts forward a somewhat different scheme and the relation of the Federation Scheme to that of the Institute has yet to be defined. We would ask co-operators to consider

whether they are not elaborating too much, especially when we consider the educational status of the main body of the members of the village society. The primary society has its managing committee, it is visited by the Government auditor, by the honorary organiser, by the inspector of the District Bank and by the Registrar and Assistant Registrar. In addition to this it is proposed to have federations which may or may not be independent of the Central Institute, which, if it was independent of the federations, would have its own local committees. The relation of the Institute to the Federation Scheme has, as we have said, still to be discussed and when this matter comes to be dealt with we trust that simplicity in organisation will be the principle that will be steadily adhered to.

The work of the Conference that will probably chiefly attract the attention of the general public was the statement put forth by the Hon. Mr. Purshotamdas Thakurdas on the starting of a Cooperative Wholesale Society in Bombay, with its branches, called primary stores, in all parts of the Presidency. The share capital to start with is to be Rs. 1,00,000, divided into 10,000 shares of Rs. 10 each. The scheme has already had the sympathetic attention of His Excellency the Governor, in the speech he made at the annual meeting of the Central Institute, and from the way in which it has been received by the public there seems every likelihood of it being necessary to increase the share capital at a very early date. As the resolution of the Committee says, "the success of the store depends on the employment of a competent manager experienced in the commercial side of the management of the store as much as on the best of guidance from persons conversant with various branches of trade in Bombay and in other big centres in India." Mr. Devadhar, whose interest and experience in the matter are well known, suggested to the Conference that competent persons should be sent to Europe to be trained for this particular work, and it will be for the executive body of the Wholesale Society to consider how far this suggestion can be carried out. All will admit that honest and competent managers both for the Bombay as well as for the local stores, will be necessary and perhaps they will admit that it is difficult to find men who will be so self-denying-to use the Hon. Mr. Purshotanidas Thakurdas' word—as to subordinate their own interests to those of the body employing them.

It has been a much-disputed question as to how far communal societies, that is societies based on caste distinctions, should be In a large city like Bombay, where it is difficult to hold people together, the caste bond has been found a useful basis for a society, but in village societies the formation of caste societies. it is alleged, tends rather to emphasize than lessen factions and therefore should be avoided. Dr. Mann's Committee has stated this very clearly. It says, "While no objection need necessarily be taken to communal or caste societies, it is very undesirable that such societies should be encouraged in ordinary villages " And this is a decision that will approve itself to all those who know anything of the life of the Indian village. Co-operation belies its own name if it does not strive to lessen rather than perpetuate division. Looking at the agenda that was before the Conference we are struck with the number and variety of questions brought up for discussion, and these show that the co-operative movement is not one that is confined to or manufactured by a few educated leaders, but one in which the trader and the labourer, the caste and the cutcaste, the educated and the backward, are all interesting themselves and interesting themselves in an intelligent way, learning to consider and discuss questions on their own merits and not allowing themselves to be led blindly by a few masterful spirits. If the movement continues in this spirit, thoroughly democratic, thoroughly representative, making sure of each step as it advances, working not for self-interest but for the good of the whole community, avoiding petty jealousies and looking to a high ideal, then we may be sure it will attain to a manhood worthy of all the care that has been bestowed on its birth.—Times of India.

# **CO-OPERATION IN MYSORE**

# Mr. Devadhar's Presidential Address at the Mysore Co-operative Conference held on the 2nd October, 1919.

YOUR HIGHNESS AND FELLOW CO-OPERATORS.

Kindly permit me to thank you all, from the bottom of my heart, for the great honour you have been pleased to confer on me by asking me to preside over this distinguished gathering of Cooperators in this most advanced of Native States in India. not sure if His Highness the Yuvaraja Saheb of Mysore and my friend the Registrar of your Co-operative Societies have not made a mistake in selecting a humble person like myself to fill up this very important office to guide your deliberations. I am a humble student of the Co-operative movement and as such I have come here to learn and not to teach. I, however, have contributed my small share to the development of this movement and the spread of the man-making principle of co-operation in my part of the country; and you cannot, therefore, expect from me that help and guidance which would have been supplied by a veteran co-operator steeped in the intricacies of co-operative law and finance. You may prepare yourselves for great disappointment. I, however, yield to none regarding my faith in the great potentialities of this movement for the uplift of the vast masses of our countrymen. I, therefore, look upon your action as a mark of your appreciation of the work which the members of the Servants of India Society have so far done in the field of co-operation and accept it as your warm and affectionate tribute to its humble services to this great cause. Speaking personally, my experience of the past twelve years of work in various fields of co-operative activity has deepened my conviction in its great power and influence for good and I am one of those who have now come to believe in its supreme importance in our scheme for national reconstruction.

2. As the time at my disposal is very brief I do not propose to dwell at a very great length on the results which the co-operative

movement has achieved in our country during the past fifteen years of its steady growth. They should be enough to convince any one that knows full well the condition of the bulk of the great agricultural and labouring classes. There are to-day in India 26,465 Co-operative Societies with a total Membership of over 10,50,000, and the amount of the working capital brought into play by their means stands roughly at Rs. 14,50,00,000. Considering the varied needs of our vast population the progress so far made, though very encouraging, is not quite adequate and it will be my main object in addressing you this evening to point out the directions in which we ought to endeavour to push on the work by introducing new life and vigour, in the light of rich and valuable experiences regarding the growth of this movement in western countries which I was privileged to gather during my recent trip to Europe.

- 3. I shall put them briefly as follows:—
  - (1) To develop agricultural co-operation on non-credit lines, so as to secure rapid advancement of our agricultural industry on the basis of extended and democratized credit which is its primary need in India;
  - (2) To organise on a larger scale, and on systematic and modern lines, the purchase of the needs of agricultural life, and the production, the collection, the distribution, and the sale of our agricultural output;
  - (3) To start distributive stores for the cheap supply of daily requirements of the various classes of the community for which the recent experiences of cruel profiteering have clearly established a need;
  - (4) To start co-operative societies on the basis of limited liability to help small traders and poor artisans;
  - (5) To promote distribution of the daily wants by means of co-operation among the struggling middle class;
  - (6) To resort to co-operation in supplying sanitary houses to the needy section of our community;
  - (7) To associate our women in a suitable way with the growth of this movement;
- (8) To interest our younger generation of boys and girls at

- schools and colleges in the life-giving principles of co-operation;
- (9) To introduce on a much larger scale the social and the educational activities which are some of the outstanding features of the western growth of the movement;
- (10) And thus to elevate co-operation to the level of a powerful lever, as in the West, to lift up the masses; and lastly,
- (11) To adopt popular methods of propaganda.

These, in my opinion, are some of the channels in which our co-operative enthusiasm will have to flow in the near future if we are to secure the ends for which the great principle of co-operation stands.

- Now coming to your co-operative movement let me tell you at once that I have conceived the profoundest admiration for the progress that you have achieved here. I have gone through some of the valuable literature which your Registrar has kindly sent me and the impression that its perusal has left on my mind is very flattering to you. If praise coincides with truth I want to give it frankly. Your growth clearly shows that you are conscious of the many purposes to which co-operation can be applied and of the varied services which it should be impressed to render to your fellow countrymen. It also seems that you are making attempts in several directions in which they have not been made so successfully elsewhere; and as in many other matters of public importance, we are accustomed to look up to Mysore, so even in this field of co-operation we, in British India, will gladly look up to you for new experiments and convincing results which you can strive to show on account of several facilities that you are so proud to possess and which your enlightened Government is so ready to give.
- 5. This is not my first visit to your State. When I was at Bangalore about three years ago for the purpose of lectures, I tried to make myself familiar with some of your work then and to-day I find that the stream is rapidly and increasingly running into many useful directions. You have up to-date 1,350 Societies which number has grown from 5 in the year 1905-06. Your membership

to-day is about 90,000 and your working capital stands at Rs. 90,00,000. It is gratifying to note, in this connection, that your share capital amounts to Rs. 32,39,600 and that your loans and deposits aggregate to a total of Rs. 45,47,000; and these Societies have collected so far a reserve fund of Rs. 4,13,878. Your movement claims total transactions amounting to Rs. 2,40,00,000. On examining these figures very closely you have, as is quite natural, very large proportion of Credit Societies (including 60 grain banks) their total being 1,200 out of 1,350 co-operative institutions at the present moment.

The non-credit Societies in Mysore whose number naturally is small, i.e., 150 to-day, show a fairly wide and interesting range of agricultural and industrial co-operation and the scope for its extension is unlimited. There are in all 25 Societies that are engaged in supplying agricultural implements, seed, and manure; there are besides 35 additional societies that have opened branches for the supply of these articles to their members. The needs of the weaving or handloom industry have rightly attracted your attention inasmuch as you have to-day 40 co-operative Societies to help this class of artisans at each stage of their work. Very encouraging results have been achieved and your Government have given them liberal help in money and men. Every well-wisher of these two basic industries of an advancing community would like to see more attention and greater care bestowed upon the development of these two great and useful branches of industrial advancement. Moreover, you have 45 co-operative stores. I read in your reports that these and about 200 other societies have rendered very excellent service to their members and the general public during the recent trouble of high prices. The number of house-building societies is 4. I remember very well how I saw, during my last visit to Bangalore, the houses of a few members that had materially profited by the work of one of these and had secured comfortable homes. The need for better housing is a crying want that is being keenly felt all over the country and I trust here too. Going into further details I find that in many matters of Co-operative interest and importance you are more favourably situated than many other Native States or even the provinces in British India. You have over 11 per cent. of your Co-operative institutions devoted to non-

credit purposes whereas their percentage in the whole country is little less than 6 per cent. You have to-day 23 Co-operative Societies per 10,000 of your population, which is the biggest proportion in all Native States and bigger than many advanced provices in British India like Bombay, Madras, and Bengal. number of members of your societies per 1,000 of the inhabitants of your State is 14, which is far ahead of all Native States and even of all the provinces in India. The working capital of your Societies gives an average of 25 annas per head of the population in the State, and even in this respect your position is second only to that of Burma amongst all the Provinces of India and all the Native These figures given above clearly indicate that your State occupies a position of great pre-eminence in the Indian Co-operative world. The soundness of a movement is judged by the standard of self-help that enters its composition. Even from this point of view I find that your movement has attracted a very large amount of share capital and capital raised by means of loans and deposits. But I find that you need a much larger amount to meet your growing requirements and I have no doubt that you will be able to raise the amount with the further extension and concentration of your financing agencies. Looking at the rates of interest at which you borrow, you do not suffer by any comparison with provinces in British India, but Baroda has a more advantageous position. rates at which you lend are pretty high and efforts should be made to bring them down, though they are much lower than the current market rates. Your Registrar calculates that during the year 1917-18, "the cheaper credit afforded by the Co-operative Societies resulted in a saving of Rs. 5,20,000." This sum, though small in itself, is indicative of a considerable amount of indirect saving to the members in their transactions.

7. One of the very interesting directions in which your department is engaged is the institution of investigation into the economic condition of the members of the Co-operative Societies. This, in my opinion, is a step in the right direction to determine the process of liquidation of old debts. So far, this investigation has been complete with respect to the members of 268 Societies, and I am sure the valuable data thus collected will throw great light out the problem of redemption of old debts. The Baroda Govern-

ment published a very valuable report on the agricultural indebtedness in the State in 1913, and a similar investigation conducted by the Mysore State will be an asset of great economic usefulness to the whole of India, too. It is very refreshing to note that your movement has not lost sight of the special need of the Depressed Classes in your community, when it is observed that the number of these societies for this class of our countrymen has risen from 7 to 20 during the last year and several other existing credit societies also have begun to admit into their membership, people of the Depressed Classes.

The Reserve Fund of your Societies is very judiciously employed and that is a point regarding which your movement has shown a decided improvement upon the practice prevailing in outside places. I am glad to notice the very favourable change that has taken place in the attitude of the educated classes and of the general public towards this movement, which is described to be one of approval and friendliness and if the mercantile people and the moneylending classes, as the Registrar says in his Report, who were distinctly opposed to the movement show a friendly spirit it would be a case of double blessing.

8. Lastly it is to be noted that your movement has shown an all-round progress in almost every matter of importance. Your department is rightly engaged in working out schemes of consolidation, concentration, and expansion of the movement. With the strengthening of the superior and subordinate staff and with the help of non-official and voluntary workers these measures are boun I to secure a much better and more extended progress of the work in the near future. It is gratifying to note that 35 of the productive co-operative societies sent articles of their manufacture to a recent Dasara Exhibition and secured 9 medals and 2 money prizes.

It is very refreshing to read of the larger usefulness of the co-operative organisation as a ready machinery or a willing agency for urgent social service during the period of the serious food situation and also during the time of the all-pervading out-break of Influenza. You cannot be too grateful to your Government for the very liberal measure of assistance they have given you in respect of men, money, and concessions in the initial stage of the movement, and if the people will rightly understand that State help is

always to be utilised as a necessary incentive to voluntary effort, it will prove a source of great strength rather than weakness. But last, though not the least, I cannot forget to mention prominently the most valuable services rendered to the cause of co-operation in your State by your most distinguished and enlightened citizen, I mean His Highness the Yuvaraja Saheb of Mysore, whose parental interest in the growth of the movement has been the largest factor of its growth. His Highness seems to me, more or less, the Guardian Angel of Co-operation in your State and your deepest gratitude is due to him for all the initiative and interest and personal association and valuable sacrifices he has made to make it a great success.

The system of awarding 10 prizes every year to various Cooperative Societies instituted by His Highness the Yuvaraja Saheb is calculated to stimulate a healthy spirit of rivalry amongst the Co-operative Societies.

- 9. Your energetic Registrar who has well deserved the congratulations of his Government for his strenuous work contemplates the early development of the following new schemes to make the growth of the movement as thorough, comprehensive, and successful as possible and, as a brother co-operator, I wish you and him every success in your effort to achieve them. If he had not mentioned these. I myself would have suggested their introduction in your Co-operative life and that is why I feel it my pleasant duty to accord him a whole-hearted support in his plans. First, the formation of a Co-operative institute for voluntary work of organisation, education, propaganda and supervision; secondly, establishment of a school for the training of inspectors and supervisors; thirdly, formation of a Land-Mortgage Bank; fourthly, starting of cattle insurance societies; fifthly, extension of house-building societies; and sixthly, revival of the Co-operative Bulletin.
- 10. I, in my humble opinion, would further suggest for your earnest consideration the need for the following types of institutions. First, bull-breeding or cattle-breeding societies; secondly, the organisation of Co-operative dairies or societies for dairy produce; thirdly, land redemption societies on the lines of the Danish institutions; fourthly, a comprehensive co-operative

housing scheme as attempted in Denmark and in England; and fifthly, a Mysore wholesale Co-operative Society on the lines of the Irish Wholsesale or the Wholesales of England and Scotland. If you keep before your mind's eye the ideal that there should be a Co-operative Society organised in each of your 20,000 villages, you will need a vast organisation so as to bring in its net-work every one whom Co-operation can help and assist. I have noticed in Denmark that in rural areas many farmers belong to more than half a dozen Co-operative Institutions in their neighbourhood, and your State, judging from its past achievements, can legitimately aspire to reach that goal and thus be in India a model tract for Co-operative knowledge and experience. If you are inspired by these high and noble ideals and if the right principles guide you further in your progress, as they have done in the past, you will then make it impossible for your Registrar to write in the following strain as he has done in one of his notes. "It might perhaps appear that with so much assistance little has been accomplished. But the difficulties are great and some of them practically insurmoun-Public confidence in the success or practicability of a new organisation grows but slowly and their support in our efforts comes still more slowly. The people too are accustomed to look for everything to Government and private initiative is almost non-existent...

11. Before concluding I may be permitted to quote the following words which I addressed to a large assembly of Co-operators in Bombay under the Presidency of His Excellency Sir George

Lloyd, the Governor of my Province.

"Let me, lastly, appeal to my patriotic countrymen and countrywomen to recognise the practical, economic and social value of Co-operation, as it is seen in the West. We are now living in a democratic age in which the destinies of the rich and the poor, high and low, educated and uneducated, are bound up together and closely welded. For common good, all have to be brought to a higher level and that task can best be achieved by adopting the method of Co-operative education as one of the efficient means. Democracy needs the art of Self-Government and Self-Government is one of the attributes of co-operation. That is why many

thoughtful people value co-operation as a great disciplinary and educational force whose value lies in training people in civic duties. The creed of co-operation wants its votaries for this task of emancipation and reconstruction. It is a work of resurrection also. It is a noble task and like all noble undertakings it blesses those that serve and those that are served."

Mr. George Russell, the great Irish Co-operator, writes in his recent publication called "The National Being" in such glowing terms as the following, in order to clearly unfold the higher purposes and the larger functions of the movement of cooperation and I would earnestly appeal to you all to lay to heart the wise words of this great and practical seer of co-operative truths. He says, "We may hope and believe that this transformation of the social order will make men truly citizens, thinking in terms of the nation, identifying national with personal interest. For those who believe there is a divine seed in humanity, this atmosphere, if any, they may hope, will promote the swift blossoming of the divine seed which in the past, in favourable airs, has made beauty or grandeur or spirituality the characteristics of ancient civilisations in Greece, in Egypt, and in India. No one can work for his race without the hope that the highest, or more than the highest, humanity has reached will be within reach of his race also. We are all laying foundations in dark places, putting the roughhewn stones together in our civilizations, hoping for the lofty edifice which will arise later and make all the work glorious. in Ireland, for all its melancholy history, we may, knowing that we are human, dream that there is the seed of a Pericles in Patrick's loins, and that we might carve an Attica out of Ireland."

# FUTWAH CO-OPERATIVE STORES, LIMITED

#### Second Annual Report.

#### Introduction.

The Stores were opened in March 1918, to meet what was felt to be then the chief need of the members of agricultural Co-operative Societies in this area; viz., a means of disposing of their goods in the best markets, and at the best price without recourse to middlemen. This was the main object in view, and to this end the byelaws were framed. The principle adopted is that when a member has goods to dispose of, he deposits them in the stores, and forthwith receives 80% of the then market value. When the market is favourable, at the members request the goods are sold, and the member gets the balance of the price less a commission of 1 pice per rupee.

#### CAPITAL.

The authorised Capital of the Store is Rs. 10,000 for the present to be made up of 2,000 shares of Rs. 5 each payable in two instalments. Last year 371 shares were subscribed, 281 shares by 24 individuals and 90 shares by 8 Co-operative Societies. This year 17 more individuals and 9 Societies subscribed 88 and 63 Shares respectively; in other words 151 shares were subscribed this year. The total shares subscribed by individuals & Societies come to 369 and 153 respectively. The total of both comes to 522 shares. The amount of allotment paid by them comes to Rs. 1,305 and Rs. 697-8 has been paid by share-holders of 279 as their 1st call. Share-holders of 243 shares could not pay their 1st call before the close of the year but out of them some have been realised. received no fixed deposit this year except Rs. 2 from the new agent, but on current deposit we received Rs. 2,294-9-8 from the members, 1,522 from non-members and Rs. 3,231-6 from Societies for transmission to the Central or Provincial Bank. We refunded all deposits of this year except Rs. 6-15-6 made by agents and

Rs. 300 of one Society which was deposited on the 31st May and only Rs. 50 remains out of last year's deposit. We withdrew our cash credit from Provincial Bank up to Rs. 9,298-14-10, the total amount withdrawn comes to Rs. 19,963-11-5 including Rs. 425-2-8 interest and postage. The amount outstanding in the last year was Rs. 2,010-12-10. The total sum we owed to the Provincial Bank was Rs. 21,974-8-3 out of which we paid Rs. 15,795-9-10 the remaining Rs. 6,178,-14-5 has been carried forward to the next year's account.

It is not necessary to discuss all the different heads of Receipt and Expenditure here because the statement attached herewith will give an adequate idea of figures; still it is desirable to give an explanation in detail of various heads shown there. The important one is the advance on goods; when goods are deposited and depositors need money we advance them at the rate of 80 p.c. on the current market value of the stock, but when it is sold we realise our due including commission at the rate of -/-/3 p. per rupee with interest on money advanced at the rate of 121/2 p.c. if it has been sold after a week from the date of advance, otherwise within a week it bears no interest. But as soon as the goods are sold to customers we credit the amount against our depositors and debit it in the name of purchasers and put it under head suspense account. If it is realised within a week it bears no interest but on expiry of a week it bears same interest. These are the two important heads, the former is locally called Malbetti and the latter Hisab Chukti. The heads of brokerage (Dalali) the custom in the market is that the sale of all goods takes place through local Dalal, for which sellers of goods have to pay -/5/- p.c. This amount is paid by depositor and is credited in a different head that belongs to others. Palodari, certain number of stout men are engaged for handling full bags for which we pay them wages either on behalf of the depositors or in certain cases on behalf of store for removing bags, the rate is not fixed, it varied from -/-/3 to -/-/6 per bag. other head requires no especial explanation because the name itself bears significance of every head.

Working of the Stores.

Much has been said under the head of introduction which

covers working of the store as well. But still it is desirable to scrutinize its working in a separate head. The successive failure of harvest, the struggle of great war and in consequence scarcity stood as a great hindrance in its progress. Though the market rose to its highest extent owing to scarcity yet less produce did not allow members to sell their goods in large quantity because they found it not sufficient even for their maintenance. It is not deniable that though members secured 50 p.c. profit above the market rate, i.e., when they were to sell their crops it was 16 seers a rupee but after a few months the said crop was sold at the rate of 10 seers a rupee in the month of September, yet inspite of this very few realised its importance and they did not store their produce as much as was expected. Their explanation is that on account of bad harvest they could not store. To some extent their statement bears truth, but in fact many are afraid to store their crops as they are defaulters in the society and fear that the saleproceeds will be paid direct to the society instead of to them. It is expected that their susceptibility will be abandoned from them in near future.

The District Board was pleased to appoint our store as an agent of salt so a head has been opened to enter sale proceeds of salt and in disbursement side whatever has been spent for salt excluding interest upon the amount invested in the salt, establishment and house rent charges has been shown there.

It will be seen that the greater part of the profit has been made out of salt; and it must be admitted that were it not for this, the Stores would not be able to work on such a low commission as 1/4 anna per rupee. The price of the salt was fixed by the District Board. Nevertheless it is under consideration whether it would not be more proper to separate the two sides of the Stores business, viz., sale of members produce, and supply of consumer's necessities, so that the producer should get the profits on his branch of the business, and the consumer the profits on the other part of the business.

Last year we got Indra Silla paddy from Agricultural Association, Barh, but on account of late arrival we could not successfully sell and whatever was sold was snatched away by the flood so

agriculturists could not achieve any gain by it. But Pusa wheat indeed this year has proved most successful among the agriculturists of different societies. A new experiment has been proved and to make it fruitful this crop requires at least thrice irrigation then it can be presumed to be congenial to the said of this part. No cotton seeds shares the same fate as Indra Silla paddy on account of flood. Castor Seed was supplied to the members of different societies but most probably on account of drought they were not so successful as it ought to be.

The store has deposited Rs. 1,223-7 with the local Post Office and incurred Rs. 143-12 in purchasing gunny bags and Railway freight in their sending to the Khewra in the beginning of April but still the store is not in receipt of salt hence it has been shown as an asset. As the business of the stores has considerably been expanded which led us to increase our cash credit with the Provincial Bank from Rs. 10,000 to Rs. 15,000. The store was insured with Messrs. Gillander Arbuthnot of Calcutta to the extent it was granted cash credit last year but as the cash credit has been increased so we were compelled to insure it for Rs. 15,000 and paid insurance charge at the rate of -/6/-. p.c. which is meant for the next year hence it has been shown as assets.

It is a matter of great regret that the green manure has not established its popularity among the agriculturists and no other reason can be assigned to its drawback than flood.

Majority of members are milkmen but as they hesitate to deposit ghee in the store it was considered desirable to purchase ghee from them. In introducing it, this stuff established their reputation among the consumers hence it is expanding its scope. The high price of cloths induced us to purchase some cloths from Ranchi Weavers Society, which were though dear still very useful to the agriculturists. Apart from it the stores is located in a rental house and has to pay employees, one agent and another weighman; besides them Secretaries are doing much work themselves.

The net profit of the Stores during the year is Rs. 913-15-8 plus Rs. 77-12-11, last year's undistributed profit which was carried forward as working capital, total Rs. 991-12-7 has been

the distributable profit out of which our Directors proposed to carry forward to the Reserve Fund Rs. 228-7-10 and Rs. 77-12-11, last year's undistributed profit, total comes to Rs. 306-4-9. Rs. 76-11-3 we took from the profit to increase Reserve Fund and Rs. 27 last year's reserve fund total Rs. 400 to be invested in the purchase of 2 shares of the Provincial Bank. Rs. 200 has been set aside towards building fund, Rs. 100 to the war loan, (Note in the Annual General Meeting war loan has been omitted; Rs. 300 has been set aside for building fund to be invested as the Cash Certificate) Rs. 95 to charity and Rs. 151-3-3 for dividend at the rate of 12½ p.c. This leaves a margin of Rs. 72-9-4 which will be carried forward to the next year's working capital.

The Store was audited by Babu Jagdamba Prasad Bhatnagar in the month of March which was tested by the Deputy Registrar, their suggestions were carried out but some of them are still pending for want of registers and forms. The Registrar Co-operative Societies was pleased to inspect the Store on the 11th May, 1919 but yet we are not in receipt of his remarks. The Provincial Bank authorities are always attentive to the transaction with our concern. So we are thankful to the above named officers and especially to the Registrar who gave us sound advice and has much interest with our institution.

#### Conclusion.

Members did not turn up to deposit their goods to the extent it needs on the grounds mentioned above, still a beginning has been made and the amount of member's goods sold should increase steadily as they overcome their fears and prejudices. The former agent tendered his resignation and a new man has been appointed from April. The Deputy Chairman takes especial interest in the affairs of the store and is always attentive to satisfy the people concerned. The Assistant Secretary since last two months began to take some interest; but big traders are still not free from hostility, we hope that in the year of progress the Store will be utilised by the members in selling their produce through it because those who deposited their goods profited themselves varying from 40 to 50 p.c. after paying interest and commission. The Director of Civil Supply very kindly granted us Priority Certificate to bring rice

from North Bihar and Bengal, but B. N. W. Railway authorities inspite of repeated requests did not supply us with wagons according to the Priority Certificate; this put some of our members to great loss and they were compelled to sell their goods there because their stuff was purchased in the month of December and they could not bring it till February last.

We have to repeat our remarks that we are not aware as to existence of Stores like ours in any other place but we expect that if there be any in other province or within our own, there would be good co-operation between these institutions and many middle men will see their way. It is indeed desirable to have a mill to dispose off raw materials produced by the members of the Co-operative Societies who will utilise their finished goods and will save their raw materials from adulterations by the outsiders.

A word regarding weavers of Fatwah must be mentioned here. Though we are attempting to persuade them to participate in our dealings to achieve some benefits yet on account of some big men among their own committee who do not allow them to go out of their clutch we are unable to render any help to them. Now we have proposed to search their customers in other parts of the country who may purchase their finished goods, if we succeed in this effort, at least they will get proper price of their clothes which they are not getting at present.

The Directors cannot close the report without thanking the Honorary Secretary Rai Saheb Raj Prakash Narayan without whose energy, and painstaking management of the business, the stores would certainly have to be closed. It is only by very slow degrees that members will gain sufficient experience to manage their own business alone, by a real co-operation among themselves.

P. T. MANSFIELD, S. D. O. Chairman.

# BANKIPORE CO-OPERATIVE BANK

From the fifth annual report on the working of the Provincial Co-operative Bank of Bihar and Orissa at Bankipore, from the 1st June 1918 to the 31st March 1919 it appears that during that period the bank has made a profit of Rs. 23,646-14-1 including Rs. 310-8-11 brought forward from the previous year, of which after deduction of depreciation in building and furniture at 10 per cent. Rs. 258-8-0; guarantee commission, Rs. 1,900,-0-0; divided at 6 per cent. on paid up portion of the guarantee share, 1,200-0-0; totalling Rs. 3,358,-8-8; there remains, Rs. 20,288-5-5. From this must be deducted 25 per cent. to be placed to general reserve, Rs. 5,148-7-4; this leaves available for distribution, Rs. 15,139-14-9; the directors now propose to pay a dividend at 6 per cent. on the paid up portion of perference shares, Rs. 5,551-4-8; to pay bonus to staff, Rs. 240-0-0; to place to general reserve a further sum which brings it up to Rs. 25,000, Rs. 8,851-8-8, to carry forward to next year's account, Rs. 497-1-5. The directors consider the result of the working of the bank as extremely satisfactory inspite of failure of the monsoons and general scarcity. The co-operative movement as a whole, the directors remark in the report, is making rapid progress in the province as will be evident from the fact that the bank has now 30 central banks to deal with as against 21 last year, and that there are over 200 society accounts as against 120 dealing directly with the bank. The directors did not invest any money during the current year in securities, and the investments therefore remain the same as last year. But at the close of the year, there being a surplus of over a lakh and a half the directors deemed it desirable to invest a lakh in 3 months treasury bills, which matured on the 3rd ultimo. The directors are pleased to record the good relationship that exists between the bank and its constituents.

# **EXTRACTS AND SELECTIONS**

#### 1. Agriculture and Co-operation.

A recent issue of the Agricultural Journal of India contains an eloquent plea by Mr. H. R. Crosthwaite, Registrar of Co-operative Societies, Central Provinces, for the further development of the co-operative movement in India. There is still only one co-operative society in India for every 20,000 of the population engaged in agriculture. Mr. Crosthwaite holds that there is room for at least 40 credit societies for every 20,000 cultivators provided always that the societies can be audited, educated and financed. At present, Mr. Crosthwaite urges the co-operative cycle is far from complete and much of its potential benefits are wasted. In the relative absence of non-credit societies, there is little scope for the profitable employment of the reserve funds and surplus deposits held by the movement. Mr. Crosthwaite sees visions of an India in which co-operation will have democratised both production and credit. The Bapari and the Mahajan will have disappeared and the entire standard of rural comfort and independence will have been raised.

#### 2. Cottage Industries in India.

Mr. P. G. Shah, in the current number of the Bombay Co-operative Quarterly puts forward a strong plea for the preservation and development of cottage industries in our land. Cottage industries can be extended to those cases where the limitations of fashion or pattern provide a fixity of market, where the processes of manufacture do not require either intricate machinery or large financial outlay and where the individuality of the artisan finds great play. Cottage industries are very vital; the Indian Industrial Commission reports very favourably about them. They are suited to the genius and temperament of the people. By a better organisation of those industries, it should be possible not only to keep the artisan in greater comfort, but also to widen the scope of his work.

We should not forget the unwillingness with which a born potter or weaver leaves his ancestral employment and village to join a factory; so strong is the hold of ancient family occupations, partly owing to the constitution of the village communities and of the ties of caste and joint family, that he scarcely loses his connection with his ancestral home. There is no doubt that he would be infinitely more happy in his ancestral environments, where

he or his relations own their own house or till their own land, than in the slums of factory life. Apart from attachment to ancestral home, there is the love of freedom, and the dislike of the discipline and of the regular hours of factory life, which are common to all factory labourers throughout the world. Then, there is the great gulf between the factory civilisation and the non-mechanical genius of the people. By temperament and by training, the village-labourer has little knowledge of mechanical appliances; and there is little gain in the use of machinery in the design and manufacture of which the indigenous talent of the country finds no scope. Above all, the tropical climate of this country makes strenuous exertion in factories a heavy strain on the ill-fed physique of the labourer, and leaves him open to dangers and diseases in the slums, which are already reported to be worse than those in European countries.

Taking the olden cottage industries first, we find that handloom weaving of cotton, woollen and silk goods supports the largest number of artisans. The hand-loom industry is at present holding its own, and the adoption of technical improvements such as warping mills, fly-shuttle slays and jacquard harness would greatly enhance their material prosperity. The weavers need new improvements in their methods of work, and the spread of co-operation and of education among them can make them go forward vastly. Peripatetic weaving schools, the starting of vocational schools where there is a good demand for handloom factories or for other cottage industries would also solve the problem. It should be possible to tap also foreign markets especially in the case of artistic productions of cloth or metal or wood or ivory.

There are infinite openings for the manufacture of a large variety of products of the hand-looms, weaving from cotton, silk, and wool; and good progress has already been achieved by Missionary Societies and the Salvation Army Depots. The printing, bleaching, and dyeing of cloth turned out from hand-looms is an industry which awaits development; and so also the manufacture of hosiery, i.e., of the goods made on knitting machines or from knitted cloth, and lace-making. Considerable improvement is necessary in the method of making utensils and other metal-ware from copper, brass, and aluminium. Furniture-making lends itself to a very efficient organisation on a co-operative basis, an example of the possibilities of which is seen at Bareilly. The manufacture of gur has derived special help in Mysore from the co-operative cane-crushing power mill, and is likely to help the sugar refining industry. In most of these cases, co-operative industrial societies would be of great use, and, if successfully managed, may not require further help from the financial syndicates.

The case of new cottage industries and other industries to be started on a small scale cannot be helped very much by co-operation at the beginning. Separate financial bodies which will secure proper machinery and tools and insist on the observance of a particular standard of quality and should ensure continuity of production and market, can easily undertake the development of the following cottage industries—toy-making from metal, wood, clay, etc., brush-making, button manufacture, making of steel and brass nibs and of simple forms of cutlery, of pencils and other articles of stationery, of leather goods, boots, bags, boxes, wickerware, cane and bamboo furniture and fruit preserving. The increasing use of electric supply in many towns and cities should make available a cheap and hand source of energy to the cottage worker and should prove a new impetus to production on a small scale. But the central aim in all these things should be to free the artisan from the tyranny of the money-lender on the one hand and the blighting monotony of factory life on the other.

#### 3. Indian Cottage Industries.

The "Wealth of India," contains a very suggestive article on the marketing of cottage industries. The writer Mr. H. W. Wolff recently published a book on the prospects of co-operation in India and is a great well-wisher of the movement. His proposal is that the cottage industries of India should be welded together on co-operative lines and the products marketed abroad for profitable sale. By way of illustration, reference is made to a British firm in London which collects the products of cottage industries in Japan and exhibits them in a special department of sale where good business is done. To adapt the sale of Indian goods, on a basis of sound profit, Mr. Wolff makes two suggestions. The first is that all products that are primitive in their forms, should be slightly modernised for the purpose of giving them a look of greater utility and attraction. The second proposal is that the co-operative societies that exist in India should set about organising the collection of products at a workable volume of output. So far as they go, both these suggestions are valuable when examined by the results of the "Japanese Department" to which Mr. Wolff refers in eulogistic terms. We are told that a trial may be made of Indian wares as a speciality in one of the London firms, provided the flow of finished articles is steady and organised. Mr. Wolff concludes with the suggestion that registered societies in India should think of the matter and try to create in foreign countries a demand for finished articles of Indian make. A word of caution however, is essential. While it is good that Indian products should secure foreign markets, the utmost care is necessary to see that the craftsman is not made to sacrifice his art to the spirit of commercialism.

## 4. Indebtedness of the Punjab Peasantry.

Mr. Calvert, the Registrar of Co-operative Societies in the Punjab says

that the following five causes have operated to bring about the indebtedness of the Punjab peasantry:—(1) the sudden enhancement of credit due to new conditions introduced by the British Government, (2) the abuse of this credit by clever usurers who encouraged borrowing in order to secure control of produce, (3) the Famines of 1861, 1869, etc., and heavy mortality amongst cattle which drove the cultivators to borrow and so involved them in the money-lender's clutches, (4) the rigidity of land revenue collection accentuated by the tactics of the usurer who seized the whole produce and so compelled the cultivator to borrow afresh for the State demand, and (5) a system of civil law which was unsuitable in as much as it favoured the clever money-lender against the ignorant peasant.

#### 5. Co-operative Ginning.

Dr. Harold Mann, writing in the Bombay Co-operative Quarterly (June, '10) says that the Report of the Indian Cotton Committee is probably the best account of the present condition and future prospects of cotton in the country. The first point about which the Committee were impressed is that cotton grown everywhere in the Bombay Presidency is hopelessly mixed; and in one type of cotton grown in one field, there may be as many as 7 or 8 varieties, and of each of these, there will be dozens of strains of very varying value. Their first recommendation is about the evolving, either by selection or by breeding, types of cotton for each of the districts, which can be produced on a large scale and which will give a larger yield of better cotton and hence a greater profit than anything now produced and which will gradually replace the mixed cottons now produced.

Having got pure strains of the most profitable types of cotton suitable to any tract, the next two difficulties are (1) to see that the growers get full value for their cottons, and (2) to prevent the types getting mixed and thus deteriorating rapidly. As long as cultivators are growers on a small scale, this will form a very great difficulty. The second danger of deterioration owing to new admixture, whether deliberate or accidental is also particularly serious; and it is chiefly due to the fact that the interests of the ginner are not identical with those of the cultivator and lie only in a secondary sense in the maintenance of high quality cotton in the field, or in the purity of the seed he afterwards sells to the cultivator. The only remedy is to make the interests of the ginner and cultivator identical or in other words to develop co-operative ginning.

"There are thus indicated three portions of the cotton producing industry where co-operative societies may be considered to have a fair chance. The first is as seed growers and seed-sellers, and where new and improved

types have been evolved and where supervision of the experts of an agricultural department is available, such societies may achieve a great success, as has been the case in Berar. The second is in the organising of auction sales of improved types of kapas when grown, as is being done, and with success, in the Dharwar district at the present time. The third is in the co-operative ginning of kapas on behalf of societies of growers, and so preserving improved seed from all possibility of deterioration. This form of co-operation is developing."—Indian Review.

## CORRESPONDENCE

## Calcutta Charmakar Co-operative Society.

An Appeal to the Co-operative Stores and Central Banks.

The above Society has been started in Calcutta, under the auspices of Bengal Social Service League, among the leatherworkers known as "Chamars" of Calcutta with a view to save them from the extortionate moneyand the middlemen who take away their legitimate share in the profits. Its aim is to make the labour the real factor of production of national wealth a self-employer and a self-capitalist; to convert the middlemen from an agent for exploitation of labour to its partner in the process of Production. The Society is at present in a nucleus state consisting of only 19 members but it has before it a possibility of immense growth. It is trying to organise the whole "Chamar" community (which means the entire shoe-industry) of Calcutta and outside it into a system of co-operative society. But its expansion is mainly hindered for the want of a ready market to consume its production. At the present moment the Society is threatened with the fear of incurring some loss due to accumulation of a large stock of foot-ball covers. This is to be cleared up immediately to release the locked up capital. Now if each Central Bank and Co-operative Store takes 3 to 6 foot-balls and tries to sell those in the maffusil schools the whole stock could be disposed off at once. I hope, the Society in its noble endeavour to ameliorate the lot of the poor "Chamars" subjected to gross injustice and violence at the hands of the middlemen and the Mahajans, will draw the active and prompt sympathy from all the brother co-operators. To all those interested in the co-operative industry and welfare of the masses I lay my humble appeal and hope it will not go in vain.

N.B.—This being a clearance sale the price is fixed at a 15% discount.

. Besides foot-balls the Society manufactures boots, shoes, slippers, suit-cases, etc. A trial is earnestly solicited.

Office & Workshop, 63, Amherst St., Calcutta.

G. C. MOZUMDER,

Hony, Secretary.

Charmakar Society.

# REVIEWS AND ACKNOWLEDGMENTS

As usual the Bombay Co-operative Quarterly is full of good articles. There is a valuable criticism of "Takavi Policy" by "W. C. S." Col. H. R. Crosthwaite, C.I.E., puts in a plea for Co-operative Land Mortgage Credit in India. His paper deals with many aspects of the subject comprehensively and it shows how much careful thought has been devoted to the subject by the writer. He traces the benefits which co-operative land mortgage can confer on India and shows on what lines the organization of such an Indian system is possible. Finally he points out the resources on which we can depend in the event of the inception of the scheme. The Hon. Mr. N. K. Kelhar discusses the lines on which the federation system is to be introduced into the Bombay Presidency. The reader will do well to study the powerful criticism of the article in the editorial notes.

The October issue of the Agricultural Journal of India has a valuable article by Dr. Mann on the Economic Condition in some Deccan Canal Areas. The exclusive attention given to the sugar-cane crop in these areas has led to deterioration of the soil—the sub-soil being more and more filled with water and injuriously affected by salt. The cost of production has risen and those working with borrowed capital cannot make their crop pay. The same number contains a review of Mr. Calvert's book on Co-operative Marketing. In the absence of such organization the whole produce of the farmer is thrown on the market at once, thus lowering the price which he can obtain. This co-operation in marketing is all the more necessary in the case of specialities. The operation of co-operative marketing is illustrated from the case of California where cost of packing, railway rates and commission rates have all been lowered and great benefits have accrued to the agriculturist.

A very interesting feature of the current number of the Madras Bulletin of Co-operation is the instructive symposium on the problem of the appointment of more Additional Registrars in that Presidency. On the one hand it is argued that sooner or later it will be necessary to have one or more Assistant Registrars in each district; that he is the counsellor of the various societies entrusted to his charge and that he has always to look to the careful organization of societies and also occasionally to their working. We cannot depend on honorary work which is generally spasmodic and fails to take careful note of details. There is no fear of too much interference by Assistant Registrars as the spirit of genuine co-operation is growing and societies know the limits of their powers. On the other hand it is urged that there is no need of more Assistant Registrars as the only proper work of the Registrar's

staff is to look to audit while all other work should be performed by non-official bodies. In particular the District Bank should take charge of the co-operative affairs of the district. As an official, the Assistant Registrar is likely to develop and perpetuate red-tapism. The development of Unions who will undertake both supervision and audit will prevent the need for any costly addition to the list of Assistant Registrars. Finally it is urged that instead of an increase in the number of highly paid Assistant Registrars, the existing staff of Chief Inspectors should be strengthened.

We also beg to acknowledge receipt of—

The Social Service Quarterly.

The Indian Review.

The Modern Review.

## **CIRCULARS**

#### Circular No. 14 of 1919.

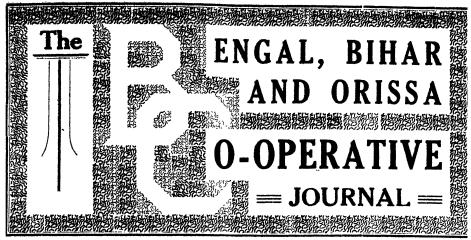
Organisation of Agricultural Primary Societies on a share-basis.—It was again urged at the Conference that all organisation should be done with the greatest care and a recommendation was made that the share-basis type of society should be generally adopted in future organisation. The attention of all Central Banks and Honorary Organisers is invited to this and they are requested to keep the recommendation in view at the time of the organisation of societies.

(2) Essentials to be impressed on members of societies to save societies from liquidation.—The attention of all Central Banks and Honorary Organisers is invited to the following Resolution of the Conference and they are requested to instruct the societies accordingly:—

"That the Conference calls upon all societies to impress upon their members (1) the nine main principles of co-operation, (2) the importance of general meetings, (3) the careful issue of loans, (4) the careful selection of members, (5) punctual collection, (6) business-like account keeping; as being essential to save societies from liquidation."

- (3) Settlement of debts of members with Mahajans.—It was recommended by the Conference that Honorary Organisers and others interested in the Co-operative movement should endeavour to bring about settlements between Mahajans and members of societies on the lines suggested by Mr. U. I. Pakrasi in a paper which has been printed with the proceedings. The attention of all Honorary Organisers is specially invited to this.
- (4) Provident and Public Benefit Deposits in Co-operative Banks.—The attention of all Central Banks is also drawn to Resolutions Nos. 8 and 9 of the Conference and they are requested to examine the schemes of Provident and Public Benefit Deposits outlined by Mr. N. G. Basak with a view to making experiments on the lines suggested in the schemes if circumstances permit.
- (5) Appointment of Industrial Sub-Committees in areas where Industrial Co-operative Unions have not been started.—It was recommended by the Conference that in areas where there are no Industrial Co-operative Unions, Central Banks should appoint Industrial Sub-Committees to look after the organisation, financing and supervision of Industrial Co-operative Societies. This is specially commended to the attention of all Central Banks for necessary action.

J. T. DONOVAN,
Registrar of Co-operative Societies, Bengal.



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No. 4

#### NOTES AND NEWS

In an article in the Bombay Co-operative Quarterly, Col. Crosthwaite puts forward a powerful and timely plea for the starting of co-operative mortgage credit banks in India. that India is in the main an agricultural country and that it possesses boundless opportunities and the most pressing call for the initiation of capitalistic agriculture it is surprising that so far no important movement has begun in that direction. capacities of India's growing population on her food producing pressure of India's growing population on her food producing admitted that a development of manufactures and inter-provincial migration might do much to solve the problem, it is only the intensive development of agriculture that can completely remove the pressure. It is to be expected that Bengal will be the first province to respond to the appeal of Col. Crosthwaite for it is in this province that the strength of an enlightened landlordism is conspicuous and it is here that that fertility of the soil presents unique opportunities for intensive and large scale agriculture. History has shown abundantly how necessary mortgage banks have proved for the continued existence and prosperity of a landlord In France which was once the classical home of the large class. landed proprietors, the big landholders have disappeared. Germany the large landholders survived because as early as the

time of Frederick the Great they appreciated the value of the scheme of land banks put forward by a merchant named Buring. In Bengal if the landholding class wishes to avoid the evils of indebtedness, sub-infeudation and partition of estates they will have to resort to a similar agency. Nor is it in Bengal only that the large landholder exists in India. In the United Provinces and in many other parts of northern India large holdings prevail and here too the introduction of a system of mortgage banks will ensure the advantages of large scale agriculture and of the disappearance of the absentee landlord. Nor is the utility of mortgage banks to India likely to end there. Dr. Mann has been calling attention in a series of excellent articles to the indebtedness prevailing in many of our canal colonies and indebtedness which largely discounts the benefits of the facilities supplied for irrigation. In such places mortgage banks might prove of inestimable utility.

operations of mortgage banks. The fragmentation of holdings which has done so much to deteriorate Indian agriculture and to prevent improvements is a giant problem which mortgage banks alone can tackle. Lastly, the growth of capitalistic agriculture is the crying need of India with its vast and growing population. India is yet to pass through an agrarian revolution like that which has given such agriculture to other countries; and here, too, landbanks are an important pre-requisite. Rural co-operation as it has been developed in India has done much to lighten the burdens of the small scale cultivator; but even if the whole of this indebtedness is wiped out the need will remain of increasing the size of the holdings of the cultivators until they become economic holdings and of transforming many of the cultivators into large scale producers. Mr. Keatinge in an article in the Agricultural Journal of India thus contemplates the future prosperous condition of the Indian cultivator; "the ideal condition would be to suppose the

plains of Guzrat and the valleys of the Deccan divided up into compact holdings of 20 to 40 acres each fitted with its homestead, cattle-shed, store-house and well, the houses perhaps grouped into

But there is even greater scope in India for the beneficent

hamlets with space sufficient to allow every man elbow room without isolating families, the land levelled and embanked, the holdings fenced and each equipped with effective implements and one or more pairs of good bullocks". But the accomplishment of all these projected improvements, of this investment of and creation of permanent capital in land awaits the advent of the mortgage bank and the touch of its magic wand.

Returning to Col. Crosthwaite's exposition of the merits and organisation of mortgage banks we find in it much to admire and but little to criticise. It were however to be wished that the talented and experienced author had given greater thought to the problem of financing these banks. We cannot, at any rate, agree with him that "the very large sums of money which lie idle in the Government Treasuries during certain months of the year" can be drawn upon to subsidise and assists the mortgage banks. temporary supplies of capital are not the proper ones for investment in permanent improvements of and investments in land. with the establishment of a central bank in India such sums in the Treasuries will be much reduced in magnitude. As it is the Hon'ble Mr. Howard has shown that the supplies in the reserve Treasuries are no more than adequate for their work. Much more might be expected from the large supplies of capital which, stimulated and increased by the war conditions, are going partly into suitable industries but to a certain extent are responsible for creating land-booms in our cities and are even financing more hazardous speculative activities. When such booms and speculative have lost their charms there is every chance that the resources yow supporting them will be attracted by the legitimate, sure and large dividends of debentures issued against valuable Zemindaries and canal-lands.

An important controversy is raging at present in Madras on the desirability of having more Assistant Registrars in that Presidency. On the one hand it is argued that there is no need of having more Assistant Registrars as a great deal of the work of eupervision might be delegated with advantage to Hononrary worker and to Local Unions. It is urged that as each district has special conditions and problems of its own it must develop its own non-official organisation to look after the movement and forward it while the Assistant Registrar and his staff should confine their attention to audit. Some thinkers of this school would devolve the general co-operative affairs of the District on the District Bank or District Banking Union and they suspect that the appointment of further Assistant Registrars, will officialise the co-operative movement and reinforce or perpetuate red-tapism.

To us, however, these arguments appear to be far from conclusive. No true co-operator will deny that the ideal method of working a co-operative system is through non-official agency. But that day is yet far distant. As an experienced co-operator from the Madras Presidency well observes "hononrary work entails the minimium of responsibility and as such is not conducive to the steady and rapid growth of the co-operative movement in the land. You need talented, energetic and honest men to work hard and enthusiastically. You will require men comparatively young and it is not likely that hononrary work requiring continuous attention will be able to attract the kind of men necessary for the work. Honorary work is generally spasmodic and fails to take note of important minor details." On our part we appreciate these remarks and while admitting the high merits of honorary workers (may we not number among these the honorary editors of Co-operative Journals?) would clear up some points connected with voluntary work. We would, in the first place, point out that there is enough room and to spare in the vast sphere of co-operation both for a body of honorary workers and for a well developed and organised cooperative service. Such a service need not be a Government service for all time, but few will deny that in order to deal adequately with the manifold and various details and routine of cooperation, we require a strong body of permanent officials with high traditions. We further protest against the idea that the best way to hand over the work of co-operation to non-official agency is to burden District Banks with other duties than those which are legitimately theirs.

That go-ahead province Burma has already made substantial contributions to the machinery of co-operation in India. therefore to be desired that the student of co-operation should keep a careful eye on the progress of that province. We have received a copy of the Report of the Fifth Agricultural and Cooperative Conference of Burma and we have found the pamphlet very interesting reading. There are a great many resolutions in it which will amply repay a study. We shall only refer to some of the most interesting items. Among these we would emphasise those on the Urban Societies. Sometimes ago we published in our Journal a study of these Societies. The writer of that article advocated the formation of special Central Banks for Urban Societies and controverted the views of those who argued that Urban Societies should be served by the present system of ordinary Central Banks. The Burma Conference, it is noticeable, has recommended that it is desirable to establish a system of Central Town Banks. It is gratifying to notice that the Urban Societies of Burma have got surplus funds and consequently are seeking new outlets for the employment of these resources. It is proposed that Urban Societies in Burma should assist Burmese industries and Land Mortgage Banks; that assistance is to be given from the same source for the development of fresh Urban Societies and finally that Urban Societies are going to assist Rural Societies and the co-operative system generally. As Burma has also led the way in Cattle Insurance, the resolutions of the Conference on that subject also deserve careful attention. An enquiry is proposed in order to investigate the difficulties experienced by Insurance Societies and to render Cattle Insurance more popular. The Government guarantee is recommended to be continued for the present. Further steps are being taken to improve the knowledge of cattle management and medicine in these Societies. There are many other interesting observations in the Report and we would recommend its study to our readers.

The institution of a Standing Board of Economic Enquiry in the Punjab was announced in a press communique in August last. As then explained the Financial Commissioners, the Directors of Agriculture and Industries, the Registrar, Co-operative Societies, the Sanitary Commissioner, the Professor of Agriculture, Lyallpur, and the Inspector of Factories are ex-officio members of the board. The following gentlemen have also been nominated as members: Mr. H. W. Emerson, Settlement Officer, Multan, Mr. J. H. Towle, Assistant Director of Public Instruction, Lala Man Mohan, Principal, Mohindra College, Patiala, Mr. C. F. Strickland, Joint Registrar, Co-operative Societies, Mr. Manohar Lal, Bar-at-Law, Lahore, Professor Brij Narain of the Sanatam Dharma College, Lahore, the Revd. E. D. Lucas Principal of the Forman Christian College, Lahore, Mrs. Calb, Mr. A. L. Miller of the Young Men Christian Association, Lahore and the Revd. Dr. Guildford of Taran Taran. Among other gentlemen still to be nominated will be an Indian Journalist while the Professor of Economics in the Punjab University when appointed will take his seat on the Board as an ex-officio member. May not similar boards be created in Bengal and in Bihar and Orissa?

We understand that a Co-operative Conference is going to be held at Bhangura (in the District of Pabna) on the 1st of February next. The Conference is being held under the joint auspices of the B. C. O. Society and the Pabna Central Bank. The B. C. O. Society will award two prizes to the Secretaries of the best managed rural Societies in that area and will send its representatives to take part in the Conference. We hope this year many more such Conferences will be held in the several districts of Bengal and that, sooner or later, the B. C. O. Society will be able to organize the Provincial Co-operative Conference.

The inaugural meeting of the Board of the Agricultural Department, Bengal, is to be held in Calcutta in the month of March. It is understood that many of the gentlemen who ordinarily attend the Co-operative Conference will be invited to attend that meeting. In order therefore that the attendance at the inaugural meeting of the Board of the Agricultural Department may be as large as possible and so as to avoid the inconvenience that would be felt by many gentlemen in having to come to Calcutta twice within a short period, it has been decided that no Provincial Co-operative Conference should be held this year.



It is estimated that the net profits of the Bengal Provincial Co-operative Federation, Ltd., for the year ending 31st December, 1919 will exceed Rs. 22,000. If this be correct it will be possible to pay the maximum dividend permitted by the bye-laws. The audit of the Federation is now in progress.

# THE TRUE SPHERE OF CENTRAL BANKS

[By Prof. J. C. Coyajee, M.A.]

A controversy of absorbing interest to Indian co-operators has been going on for sometime on the topic of the true sphere of Central Mr. Ewbank opened the debate by drawing attention to the fact that "during the last few years there has been a distinct tendency in several Indian provinces to make the District Central Bank the pivot of co-operative administration". Mr. Darling, writing in the pages of the Bombay Co-operative Quarterly a little iater, enunciated the problem thus:--"As the outset, primary societies necessarily depended on the Central Bank for money but not for control; that remained in official hands. But now that official control is being slowly relaxed, it is commonly assume that the Central Bank will take its place". Meanwhile that great cooperative classic-Mr. Wolff-had laid down the dictum that "the Central Bank is, when all has been put shipshape, to serve, not be tutor to, the local banks". Later still he has argued in the Bengal Co-operative Journal that "even Central Banks should stick to their credit business only". On the other hand, Mr. Kelkar has stepped forward to champion the new departure and has obliged the public by putting forward all that can be said in its favour. His is a double-barrelled argument; on the one hand, he urges, that this sphere of Central Banks should be extended beyond finance because the individual shareholders of these banks is giving place to primary societies; on the other hand, he argues that control is being exercised by the directors of the Central Banks only as agents The controversy has very properly drawn a of the Federation great deal of attention because, although it relates in the first place only to the functions of Central Banks, yet the question of the organisation of our co-operative system in its entirety lies in the background; and still further back looms the problem of the agency which is to work our whole co-operative organisation.

One of the main points under discussion is whether in the provinces concerned "the Central Bank has become the pivot of the

co-operative system." In order to decide this matter we must compare the system prevailing in those provinces with the co-operative system observing elsewhere and the relative position occupied by the Central Banks in each. The comparison undoubtedly shows that in the provinces in question the Central Bank has been given an exceptionally dominant position. To take example, in the Imperial Federation in Germany the membership is open to all unions of agricultural societies and their Central organisations. The General Committee of that Federation is composed of the Director-General, the managers of the Unions and of six representatives of the co-operative banks. Similarly in the case of the General Federation of Germany the Committee is composed of certain officials, managers of Unions and of the Directors of the Central Agricultural Bank. What should be particularly noted here is that in the case of both great German Federations the members representing the Unions and the Banks meet on an equal footing in the Council of the Federation. Now this is far from being the case in the co-operative organisation of the Central Provinces: for there the Federation Congress consists of one delegate from each Central Bank and the unions are not directly represented in the Congress at all. This shows that in the Central Provinces the Banks do occupy an exceptionally dominant position with reference to the unious.

Carrying our comparison further let us discuss the functions of the Central Banks in the Central Provinces and in Germany. In Germany supervision, inspection, advice, and propaganda are functions of the union. The sole function of the Central Bank is that it carries on banking and credit business, more particularly as a means of equalising temporary shortness or oversupply of cash in the primary societies. The only other function ever possessed by the Central Banks in Germany was in the matter of joint sale and purchase which has been transferred latterly to district organisations. On the other hand, as regards the Central Provinces, Mr. Crosthwaite informs us that "a Co-operative Central Bank is not merely a link in the financial chain which connects the primary society with the open money market but it is an institution intended to spread and foster co-operative knowledge and practice. At the outset of its career, as we have already noted, co-operative control is not a feature of the working of a Central Bank". But after primary societies have become shareholders in them "the Central Banks must look upon inspection, supervision and guidance of the primary societies under them as duties which are indispensable to efficiency and safety". These cicta are to be found at pages 307 and 312 of Mr. Crosthwaite's work on "Co-operative Studies" and show that in the new system projected in India far more functions are being assigned to Central Banks than has been the practice on the Continent.

We shall arrive at the some result if we contrast the system proposed with that prevailing elsewhere in India. In Bombay the functions of training and supervision are entrusted to guaranteeing unions which have the power to enforce their orders by the stoppage of credit to refractory societies. In Madras, as in the Central Provinces primary societies are being admitted as shareholders of Central Banks and society delegates are being elected to the Boards of Directors Yet it does not seem to follow as Mr. Kelkar observes that "it becomes impossible and undesirable to dissociate the members of the Central Bank from controlling and regulating the primary societies". Far from insisting on such association, the Central Banks in Madras are according to the last co-operative report "consenting to relinquish the exercise of their control over their affiliated societies and to leave the work of supervision very largely to local unions". The report adds that these local unions are doing very good work as a means of supervision. The comparisons instituted above leave no doubt that in some provinces of India an exceptionally dominant position has been secured for Central Banks which goes far to make them the pivots of the local co-operative systems.

The more one looks into the new system the more completely does one find that all power is centralised in Central Banks. Apart from every individual member being requested to take shares in Central Banks, and every society to deposit their reserve funds in Central Banks, one finds that every society belonging to a Guaranteeing Union affiliated to a Central Bank is prohibited from accepting any deposits at all from non-members and is compelled to borrow all its capital from the Central Bank. No system can possibly be devised which would be so efficacious in strengthening

the powers of the Central Bank and in depriving primary societies of all initiative.

There has been a good deal of discussion on the question of fact whether in the provinces in question the Central Banks do exercise control over the primary societies. But there is not much room for doubt as regards that matter if we consult the most authoritative exposition of the new system-Mr. Crosthwaite's admirable "Co-operative Studies." We have already quoted from it the proposition that "Central Banks must look upon inspection, supervision and guidance of the primary societies under them as duties which are indispensable to efficiency and safety." at page 206 of the Book Mr. Crosthwaite tells us that "decentralisation of detailed control from the Central Bank to the Union is of course the object in view". Further at page 308 we read that "the area assigned to the Bank should not be too large; for would tend towards looseness of supervision and of control." In all these places the existence of controlling powers in the Central Banks is esserted in the most explicit terms.

On the other hand, as regards this point, Mr. Kelkar's resoning, though able, is open to a suspicion of inconsistency. He observes in one place that when Central Banks are owned by primary societies "it becomes impossible and undesirable to dissociate members of the Central Bank from controlling and regulating the primary societies for those members are merely representatives of the societies and their control is not an outside control." This proposition implies that since the Central Banks are owned by the primary societies themselves it is quite legitimate to add to the financial function of the Central Banks the work of controlling the societies. But in another place Mr. Kelkar tells us that "the local control of this (Auditing) Staff is entrusted frequently, though not necessarily to the Honorary Secretary of the Central Bank, and this appears to have given rise to the idea that the whole control of primary societies is centred in the Bank. But it should be remembered that the control of this staff is entrusted by the Governor of the Federation to the Honorary Secretary of the Bank as the agent and local representative of the Federation. It is not essential that it should be so entrusted." It should be noted that in the first dictum the function

of control exercised by the Bank is justified by the circumstance that the Bank is owned by the societies themselves; in the second dictum, the control is said to be not in the Bank at all but in the Governor of the Federation who might delegate it to any one whom he considered suitable for the work. In any case, it is admitted that habitually the control is entrusted to and exercised by the Honorary Secretary of the Central Bank.

We might now pass to the allied question—whether the Central Banks should exercise such control over the primary societies. There are plentiful reasons for the view that control should not be a function of these Banks except under certain temporary circumstances which we shall notice later. In the first place, the Central Bank's control is not the control of the agriculturists, but that of the expert officials or managers of the banks who must be financiers first and co-operators afterwards. A Central Bank-however constituted—is a large financial machine which is worked and managed not by the numerous representatives of the constituent societies but by a few financial experts. Again the "individual" shareholders and the bank officers are townsmen with far more education and skill than their confreres from the country. In dealing with such members of the Central Bank the rural representative is at a great disadvantage, since there is a great gulf fixed between the representatives of the town and the country. On this point it might be permissible to quote a couple of sentences from the excellent article of Mr. Darling. He observes that with the acquisition of shares in Central Banks, "the ryots' voice hitherto dumb, begins at last to be heard, but not often at a meeting of the Central Bank, for there the town prevails and the town's ways, however, good, are not the ryot's ways; nor, in the town, can he speak his mind freely about the official who is mostly a product of the town." He observes further that it is not possible for a Central Bank to exercise proper control over primary societies. "Its area, embracing a whole Tahsil or District, is too wide and its clients too scattered for close mutual knowledge, while its control is too urban for that feeling of proprietorship which societies have in their union." Mr. Darling is not alone in holding this opinion and there are a great many co-operators who doubt the possibility of a sufficiently intimate

contact between the directorate of a central bank and the rural population as also the likelihood of the representatives of the constituent societies directing and watching the administration of the Central Bank. On these grounds proposals have been brought forward to restrict the area of operation of the Central Banks and to introduce Taluka Banks of which the area of operation should be much smaller than that of the District Central Banks.

But, further, one might ask what is to be gained by combining different functions requiring very different capacities in a single organ? The proper working of a bank requires great financial skill, capacity for handling large scale operations and expert knowledge of the money market. The work of control requires very different qualifications—among others and accurate knowledge of the affairs, conditions and susceptibilities of the agricultural people in a limited area. Any enforced union of such diverse functions in a single authority would lead to inefficiency.

Mr. Kelkar has argued that in his own province it is the Federation which exercises the control by delegating its powers to the Honorary Secretary of the Central Bank. He says, indeed, later that the power might as well be delegated to the chairman of unions and will be so delegated if abuses appear as the result of the present procedure. But why should the Federation exercise such control at all through an official who has already more than enough to do to carry out his proper banking business? and why should the power be delegated to the chief official of an Institution of which the business should be confined to finance? Instead of entrusting the control habitually to the Secretaries of Central Banks and only in exceptional cases to the Chairman of the unions, the proper procedure should be the other way about.

Reasoning from analogy is often dangerous, and neither political nor philosophical analogies should be allowed to induce us to deflect co-operation from its right course. This is the day of representative Institutions and the co-operative system in the Central Provinces has been admired on the ground that under it the societies are controlled by persons responsible to them and deriving their powers from a representative Institutions. But is no necessary connection between the attainment of the representative ideal in co-operation and the aggrandisement of the

powers of the Central Banks. The ideal of representative Government in the co-operative field can be best attained by a representation of unions and Central Banks on an equal footing in the Council of the Federation. The educative influence of representative institutions can be fully secured in this way, as is proved by the successful working of the system on the continent.

Mr. Kelkar relies on an organic conception of the co-operative body to justify the relations that prevail in the Central Provinces between Central Banks and Societies. He quotes the view that—

"If the foot shall say, Because I am not the hand

"I am not of the body; is he therefore not of the body?"

But it is just at this point that his powerful advocacy appears to be not at its best. According to all biological analogies, as an organism develops it should develop specialised organs for each of its functions. On that principle the co-operative body should have one set of organs—the unions—for control, and another set of organs—Central and Provincial Banks—for financial work. Any scheme which combines diverse functions in one organ must be of the nature of a temporary makeshift and implies a rudimentary stage in the growth of the organism. In practice the organic conception of provincial co-operation, might lead to grave anomalies unless one is very careful. The habit of looking at the organisation in its entirety might be developed to such an extent that the individual parts come to be neglected. Thus, in the province which has led the way in the introduction of the new system, we find that while immense labour has been lavished on strengthening the upper portions of the edifice the material of the foundations is not proportionately strong. The average membership of the primary societies is only 16, and far too great a proportion of the resources of the societies is locked up, in shares of central banks and in reserve funds placed with these same banks for outside investment. Mr. Ewbank has warned co-operators against making a fetish of the general credit of the system as a whole, and results show that he was perfectly right. In the province concerned vast fluid resources have been accumulated at the top; while the standard of 33 per cent. recommended by the Maclagan Committee for fluid resources was itself criticised as impracticably high, that particular province has raised its fluid

resources to the unheard of proportion of 68 per cent. This locking up of such great resources necessitated greater efforts to obtain capital for the ordinary needs for the societies; consequently the rate of interest on deposits was raised, and as a further result the rate of interest for members of societies newly registered had to be fixed at 15 per cent. The corrollary of this rise of interest was the discouragement of the formation of new societies. As a result of the policy of draining away the resources of primary societies for the purchase of shares of central banks, the deposits of members have shown a considerable decline. The deposits of non-members have declined at a still greater rate. On the other hand, the societies have become dependent for their finance to a much larger extent on the Provincial and Central Banks. The organic theory of co-operation has evidently not conduced to the financial or general strength of the primary societies.

The critic of the new system cannot however deny the existence of reasons which have in various provinces of India made it necessary to entrust powers of control to Central Banks as a temporary measure. In those places where primary societies are educationally very backward they cannot be entrusted with the freedom which they can legitimately enjoy in more fortunate provinces. For example, most agriculturists in the Central Provinces are so fearfully backward and poor that it is doubtful if any practical alternative to the central bank system is yet in sight Another tendency which favours the assumption of functions of control by central banks is the small size of our primary As Mr. Wolff says "there seems a rather dangerous tendency in India to overdo the smallness of societies. It is that overdoing, which among other effects, concentrates business in the hands of Central Banks and makes these the 'pivot'—that is a mistake". It must also be admitted that guaranteeing unions have not yet been acclimatised in all parts of India; and in those provinces where they are not yet in existence we must needs entrust the Central Banks with some measure of the function of control over the primaries. There was undoubtedly a period of transition before Indian co-operation had been equipped with the full equipment of propaganda, supervision and control-viz., the Co-operative Organisation Societies, Central Institutes and Guaranteeing

Unions—when Central Banks had to be furnished with more than their normal powers. Mr. Wolff himself wisely acknowledged that this was for the time being the best course. He observes in an article in the Bengal, Behar and Orissa Co-operative Journal:—"You have in India tried control by Central Banks. And under the circumstances . . .that is for the time probably the most advisable solution of the problem." But he emphatically says that the Central Banks are only temporarily to be endowed with this additional function of control. "The Central Bank is, when all has been got shipshape, to serve not to be tutor to, the local banks". No blame need be attached to those who during such a period of transition sought or seek to enlarge the powers of the Central Banks. But objection must be taken when the temporary situation is attempted to be crystallised into an ideal one for all time to come.

The chief reason why organisation on the new lines has become so popular is the great and immediate scope which by its means can be afforded to non-official agency in co-operation. Through Central Banks, the non-official element has been able, in the first place, to take up the work of co-operative finance. Further, as this element is strong on the directorates of these banks, the dominant position now given to these banks as regards control can be utilised to gather in non-official hands the controlling function as well. It is undoubtedly true that this result can be attained by means of the new form of organisation; but a big price has to be paid for thus proceeding by a short cut—the weakness of primary societies and the dangerous accumulation of the functions of finance and control at a premature stage. No one can or does want to delay by a single day the time when non-official agencies will take up both the control and the finance of the co-operative movement. But that can be best achieved as on the continent where non-official representatives of unions, central banks and other co-operative organisations meet on a footing of equality in the chief co-operative council. Is it worthwhile to distort the organisation of our system in order to transfer the control to non-official hands a little earlier? Co-operation moves forward by means of its two organs of finance and control; and in order that the progress might be sure and rapid, both legs should be strong and sound. If one leg receives

an undue development and the other is atrophied the movement of co-operation would be of a limping character. We have all heard of a "limping standard" in monetory matters; but a limping standard in co-operation is not a consummation to be desired.

## CO-OPERATION AND THE MILK-SUPPLY OF CALCUTTA: RESULT OF EXPERIMENTS.

[A Paper read by Mr. J. T. Donovan, I.C.S., Registrar, Cooperative Societies, Bengal, at a meeting held under the auspices of the B. C. O. Society at the Rammohan Library Hall on the 17th of January, 1920, under the presidency of the Hon'ble Maharajadhiraj Sir Bijoy Chand Mahtab Bahadur, of Burdwan, K.C.S.I.]

It is unnecessary for me to emphasize the importance of the milk supply of a city like Calcutta. We may take that for granted and rest assured that however high the estimate we make we shall still be below the actual. I shall confine myself to an account of experiments made during the last three years by the Co-operative Department to improve the milk supply of this city, putting before you first a statement of the conditions under which the experiments have been made, then the results of the experiments and finally the conclusions that have been drawn from them. Our experiments have now progressed far enough to have the attention of the public prominently invited to them.

For years past, some of the older residents say for generations past, a great deal of thought has been devoted to the improvement of the milk supply of Calcutta. Within my brief acquaintance with the city we have had the investigation by Colonel Matson and a suggestion to float a company with a capital of 10 lakhs of rupees to provide for the city two tons of good milk daily. Company promoting having found more attractive fields we heard talk of a Corporation scheme. There have been some improved methods recently in the markets and we all admit the existence of an earnest desire on the part of our city fathers to create a pure milk supply. It is in no spirit of boasting that I claim for my department the first serious attempt, however, to put into practice some of the ideas which have from time to time been put forward in solution

of the problem. Nor do I claim that we have accomplished anything very great as yet.

Taking the population to be supplied with milk as approximately a million people and allowing half a pint of milk daily for each person we see that the total daily requirements are half a million pints or about a quarter of a million seers. Big quantities! And all that we have accomplished in three years' work is a daily supply of twelve or fifteen hundred seers, about one two-hundredth part of the amount required! Yet had I come before you two and half years ago I should have told you that our achievement was only 15 seers of unadulterated milk daily and 18 months ago I might have boasted of perhaps not more than 100 seers. If you smile now at my 1,200 or 1,500 seers instead of a quarter of a million seers, how much more would you have mocked me a year or two ago. You will grant me, however, that if we could bring in 100 tons of unadulterated milk to Calcutta daily as a contribution to that quarter of a million seers we could congratulate ourselves on a great achievement. Sir Daniel Hamilton once severely castigated me for my preference for the geometric to the arithmetic progression. I shall not invite another such eastigation but I may at least point out that during the past three years the annual increase in our Co-operative milk supply has been in geometric progression and if this progression were to continue for another three years we should have a daily supply of over 100 tons of unadulterated milk to deal with. If you do not like the geometric progression let us turn to simple proportion and consider the 10 lakhs company scheme which was to produce 2 tons of milk daily. The supply from the Gadkhali farm would be but a drop in the milk pail of the city and such a supply would therefore not be free from the temptation to make itself go further by the addition of water. To ensure a pure supply we must have a plentiful supply. We must have that hundred tons a day. And if it was going to take 10 lakhs of capital to produce 2 tons simple proportion will show that it would take 5 crores to produce 100 tons. The geometric progression of Co-operation is no more difficult to contemplate than those elusive crores

In truth the problem is difficult and we can only solve it by cows. Let us then leave mathematics and return to our cows.

Cows thrive best in the country. It is not desirable that milk should be produced in the artificial surroundings of the city. must go to the mofussil for our milk and when we get there we must take the mofussil as we find it. Here in Bengal there are no rolling prairies, none of these miles of grass lands and pastures which raised and maintained that great agrarian war cry in Ireland. "The land for the people and not for the bullocks". Nor is there any hope of creating broad pastures in Bengal. The Humanitarian Association did me the honour last year of asking me to examine certain essays which they had invited on "The Milk Problem in India" and I found that many of the essayists dreamed of creating splendid pastures throughout the country. We must Cow to the inevitable, however, and for us, or rather for our cows, in Bengal there are to be few, if any, "fresh fields and pastures new," and certainly not while the present fields can raise such valuable crops with such comparatively little labour. Going out into the mofussil then with our empty milk pails we must take the mofussil village A condition of our problem is that we must not as we find it. alter the topography of Bengal. Indeed, if you wish to introduce anything new in the east, or the west, it is a good rule to try and evolve slowly from the conditions which you find those conditions which you desire to bring about rather than to attempt any immediate radical and sweeping alteration. To pursue dissertation, however, would most certainly take us into politics. Therefore let us get back once more to our cows.

Not only must we take our village as we find it, we must also take our cows as we find them. When you have pastures like the green fields of the Emerald Isle you may picture on them cows that yield you gallons and gallons of rich milk daily, but the wildest imagination can hardly picture more than a very poor cow eking out an existence along the "ails" or in the dried up paddy fields or on the road sides of Bengal, and you must be thankful if she gives you a seer or two of milk in the day, even when she does get a little stall feeding to supplement the precarious nourishment she finds outside. The type of cow which will suit rich grazing lands even in India will not suit the scanty pasture of Bengal. We must therefore take the type of cow we find as the type with which we are to solve our problem. You may evolve improvements in

that type by better nourishment and better breeding but you can no more replace the type by Jerseys or Kerrys than you can replace the Bengali by the Scotchman. Here and there you may if you give her the proper nourishment keep a Jersey cow in Bengal, just as, subject to the same condition, proper nourishment, a Scotchman may have been known to thrive in this country. But a general replacement of the type is out of the question. It is certainly out of the question if we are to advance to the solution of our problem now and without delay.

Finally the cultivator who owns the cow cannot be changed in the conditions of our problem. He must be assumed to remain as he is and you must not forget that the keeping of cows is a very secondary business with him. You may succeed in showing him that it is not so unprofitable a business as he thinks but you must never imagine or try to persuade him to imagine that it can ever be a matter of primary importance for him.

We have now the main essentials of our problem:

- (1) A demand for, say, 100 tons of unadulterated milk daily in a city which produces—or which would be the better of producing—practically none.
- (2) The only source of the supply lying in villages in which pasture is very limited and poor.
- (3) Cows suitable to the conditions in which they exist and therefore execrable milkers.
- (4) Cow owners for whom the keeping of a cow must always be a very secondary business.
- (5) A fifth and even more obvious condition than any, the entire absence of money to finance the cow owner.

Thoroughly assimilating these facts the Co-operative Department began its experiments nearly three years ago. We could not assume the creation of grazing farms, the introduction of rapid trains, cold storage and other possibilities. These innovations may possibly, despite all I have said, be one day introduced, but the Co-operative Department set out to face facts as it found them and I shall now give you the history of our experiments and their results.

About three years ago still fresh from my visit to the successful co-operative creameries in Ireland I wandered with Rai J. M.

Mitra Bahadur and an Inspector of the Department through many of the villages of Baraset in search of some opportunity of expounding the gospel of co-operation with special reference to the supply of milk in Calcutta. We were unceremoniously pushed out of one village after another and at last we sat down by the road side in despair. Baraset sub-division, we ruminated, sends daily 300 maunds of milk to Calcutta and under the co-operative system it could do this more efficiently, and with greater cleanliness and could perhaps increase the supply considerably. Troubled and disappointed as we were we saw a man come down the road looking even more troubled and disappointed. Judge of our surprise when on being questioned he told us that his trouble too was all about In his village they had boycotted the goala for refusing to come to one of their marriage feasts and had endeavoured to supplant him by one of themselves. He was a Hindu and they were Mahommedans. The goala had looked on amused while the Mussalman cultivator endeavoured to take the milk of the village to Calcutta for sale. The experiment of the cultivators was a lamentable failure but their pride would not allow them to return to the goala. They were losing on the milk and they did not know what to do. We accompanied that cultivator two miles across the fields to his village and without waiting for the registration of a society we arranged for the sale of the milk in Calcutta under the aegis of the Co-operative Department. Soon we had our first society registered and working but we could get no more than 15 or 20 seers of milk a day.

It is necessary now to describe the system on which the goalas of those parts work. Goalas are ordinarily supposed to be men who keep cows but the goalas of those parts seldom keep cows. The cow-keeper is called the Geyel. The goala's function is to collect and sell milk or to convert it for sale into dahi, chhana or some other form.

The goala's system is every six months to advance to the cowowner a sum of money against the probable supply of milk for the subsequent half year. He then sends round his milkers every day to milk the cows of his various clients. The amount of milk supplied by the customer is shown by notches over the join on a cleft bit of thin bamboo, half the bamboo remaining with the

milker and the other half being left with the owner of the cow, and difficult as it might seem to falsify an account kept in this way it is reported that the goala sometimes manages to do so. is thus collected from various clients and brought to the goala's house. The goala either takes it to Calcutta for sale or converts it into dahi, chhana or some other preparation. We are only concerned with the milk taken as such to Calcutta for sale and we shall follow it in its journey. Very few goalas take the milk as Most of them add water to it and the supply of water in the villages is not of the purest. The milk is collected into large open cans and a filthy bunch of straw or leaves is placed in it to keep it from splashing and from being churned. carried a mile or two to the railway station, two open cans being slung on a bamboo across the shoulder of the carrier. In the can will be his measures too. Arrived at the railway station the goala will be fortunate if he has not to propitiate some potentate of the platform with a present of some of the mixture in his cans. he has to change his train *en route* there will be more propitiation of platform potentates. He will have a monthly ticket which allows him to travel as often as he likes and to carry 11/2 maunds On some trains he will find a special third of milk with him. class carriage for goalas. On others not. In any case he will come in a carriage with about 25 or 30 other perspiring, uncleau There will be pan chewing, smoking, spitting, comrades. coughing and sneezing going on and the numerous open cans will be placed about the carriage in such a way as to give no microbe or bacillus in the neighbourhood the slightest excuse for missing the opportunity of settling down in ideal circumstances for propagating its species in the mixture in the cans. Arrived at the Calcutta terminus the goala will propitiate more potentates. plunge his dirty hand and arm right up to the shoulder into his can to get the measuring vessel when he wants it. He will then carry his open cans through the polluted atmosphere of the city to the market or to the houses of customers where he will probably have to propitiate still more potentates. The only way to make up for these propitiatory sacrifices is to add more water. goala spends most of the day in Calcutta and returns with his dirty cans and dirty comrades in a dirty carriage in the afternoon.

one may go and see the process I have described any day. The goala is not ashamed of dirt or adulteration. They both come naturally to him.

To the bacteriologist who goes to see the process it will be clear that it would be impossible to find a system more calculated to get bacteria into the milk than that which I have described from life. To the dairyman who goes to see it it will be clear that no worse system of dealing with dairy produce could be invented. To the business man who goes to see it it will be clear that no more unbusiness-like methods could be devised. The system of advance makes it necessary for the goala to raise money at high interest and offers no inducement to the owner of the cow to get a larger production of milk. The necessity of sending one man to Calcutta with, on the average, one maund or less of milk, to waste a whole day and to feed himself expensively in the City, to subject himself to extortion, as well as to pay railway fares tends to complete the process by which the business of supplying pure milk is rendered unavoidably unprofitable.

The co-operative system which we introduced, adapted itself as much as possible to the local customs. The goala always counted a maund as 50 seers. The co-operative society adopted this standard but instead of offering Rs. 6-8 a maund it offered Rs. 7-8 and even more. The bamboo system of account keeping was only gradually replaced by the pass book system. The society employed its own mifkers and these had no incentive to cheat either the member who owned the cows or the society. To cheat the society at 5 o'clock in the morning with a lactometer waiting to test the specific gravity of the milk would have been no easy undertaking. The goala may know the shortcomings of the lactometer but our milkers have yet to learn it.

Thus our solitary society began its work and like many another hopeful institution it soon experienced difficulties which had not been anticipated. It was necessary for some time to send an officer of the department to travel with the milk every day because it was found that "wastage" was very high. An investigation into the "wastage" revealed that it was an euphemism for six bribes which had to be administered in the twenty miles which the milk had to travel between the cow and the

consumer. This revelation made me feel much more forgiving towards the unfortunate goala who had not the means which were at our disposal for dealing with corruption. Nor did we successfully stop all attempts at further corruption. It is not very long ago since one of our carriers coming to a certain railway station one morning with his sealed cans was met by a station official who declared that these cans had been going into Calcutta for months without any benefit to him and ordered a subordinate not to allow the milk to travel. The carrier, however, jumped on the train, reported the matter to an officer of the department at Calcutta within an hour, and within another hour a railway officer was on his way to the scene of the occurrence. The charge was immediately investigated and established and the corrupt official punished. Since then there has been no trouble.

In the first few months of its work our first society made a profit of only three rupees but it established two facts. The first was that the co-operative society paid the cow owners a better price for the milk and the second was that the customers of the society got milk which was not adulterated. These facts were not established without opposition in the neighbourhood of the society. An effort of the co-operators to make a public road from their village to the railway station landed them in the criminal court but nothing very serious happened and six months of experience of the society convinced the neighbouring villages of the advantages of co-operation. Five more societies were formed and the daily supply rose from 20 seers to 6 maunds. By March 1919 it had risen to 9 maunds and there was an increasing demand for societies in the mofussil and for the milk in Calcutta. new societies were therefore added between April and June 1919 and the daily supply rose to 3/4 ton. The societies then formed a Union at Calcutta which took contracts for the supply of milk to the Medical College, Mayo and Belgachia hospitals. the rains the supply of milk falls off and the Union had all it could do to maintain supplies for the hospitals and for its regular As the supply of milk falls off the demand for milk grows more intense and to meet the increased demand another dozen of societies were organized in the rains of 1919. This was the dozen that saved Calcutta from having to pay a minimum of

six annas a seer for its milk. The goalas had actually induced the Corporation authorities to permit this charge in the markets at a time when the societies, paying more for their milk than the goalas did, were selling it at 4 as, a seer and even less. With the organization of these new societies the Union opened stalls in the New Market and elsewhere and brought the price down to 5 as. a seer. The societies had a very narrow escape as a result of the permission granted to the goalas to charge 6 annas a seer for milk because with the extra profit accruing from this enhanced price the goalas made an attempt to outbid the societies in the villages and nearly succeeded in inducing some members to be disloyal to It is needless to say that the offers of the goala, their societies. like those of every middleman, would have continued only so long as the societies retained sufficient vitality to compete with him. Towards the end of last year another few societies were organized and there are now 34 societies in the Union or Wholesale Society.

I have now briefly sketched the progress from one society less than 3 years ago, with a daily supply of 15 seers of milk, to 34 societies to-day with a daily supply approaching 1½ tons of milk and I think it safe to predict that in a few months without any further increase in the number of societies we shall have a daily supply of 2 tons, the amount, I believe, which was to be produced on the 10 lakh farm at Gadkhali. We shall not stop at 34 societies. Plans are ready for further organization and from time to time we hope to increase the number of societies and their outturn and to expand our operations further afield.

Before I proceed a word is necessary as to the finance of the societies. A ton of milk at 4 annas a seer costs Rs. 270. Our daily turn-over is well over Rs. 300 and our daily expenses allowing for depreciation of lorries, wages, etc., is Rs. 75. The Union employs a staff of over 70 persons in this milk business. Government undertook to grant the societies Rs. 13,000 to make experiments with motor lorries but the red-tape fiend stood in the way and incredible as it sounds Government has had to write home to Mr. Montagu in the midst of all his labours to give permission to pay for this experiment. The societies had therefore to raise the Rs. 13,000 themselves. How was this done? It was all

done by co-operation. When the first society was started it had to borrow Rs. 300 to buy cans and to pay for the first milk. A friend in Calcutta lent the money at 93% per cent. per annum. The interest sounds high but I have rightly said he was a friend. If you doubt his claims to that title try and raise Rs. 300 to finance a society of 10 or 20 cultivators in some new undertaking. Each member of a society pays Re. 1 towards a share of Rs. 10 nominal value in the society, the balance to be paid up if called. In this way the working capital was Rs. 330 on the 30th June 1917, Rs. 1,765 on the 30th June 1918, Rs. 9,739 on the 30th June 1919 and to-day it is about Rs. 30,000.

The profit or surplus remaining over after paying all expenses and paying about Re. 1 a maund more for the milk than the ordinary village rate was on the 30th June 1917 Rs. 3. For the 12 months following it was Rs. 843. From the 12 months ending 30th June 1919 it was Rs. 2,212. To-day it is about Rs. 1,200 a month. The milk sold before the 30th June 1917 was worth Rs. 410; in the following year Rs. 8,737 worth of milk was sold; in the twelve conths ending 30th June last the societies sold milk worth Rs. 29,199. To-day the sales are approximately Rs. 10,000 a month. Before 30th June 1917 we made loans of Rs. 17 to our members and received Rs. 2 in repayment. In the following year we made loans of Rs. 6,886 and received back Rs. 6,188. In the year ending 30th June last we made loans of Rs. 24,741 and received back Rs. 20,218. Since the 1st of July last our loans to our members must have exceeded half a lakh of tupees and most of the amount has been repaid. No inconsiderable part of these loans has been made to enable members to buy new cows. Share capital paid up by members is represented in the different periods by the following figures:—Rs. 30, Rs. 210, Rs. 638 and to-day Rs. 1,100.

The present working capital of the societies is about Rs. 30,000. The greater part of this is borrowed money. Rs. 13,000 was borrowed to purchase motor lorries but this is being repaid at the rate of about Rs. 600 a month. The balance of the money borrowed is borrowed to pay for milk, as payment on our contracts with Government institutions are generally about that amount in arrears. These loans are secured on the motor

lorries and the debts due to the Union by Government institutions. They are made by the Bengal Provincial Co-operative Federation Ltd., at rates varying from 5 to 71/2 per cent. per annum. now apply simple proportion to these figures we find that to finance a daily supply of a ton of milk we require about Rs. 20,000. With a capital of 20 lakhs, or twice the amount which it was proposed to invest in the Gadkhali farm, I believe, we could on the same lines finance a daily supply of 100 tons of milk. Therefore the financial aspect of the question need not deter us. With a working capital of about Rs. 30,000 we are making a surplus of about Rs. 1,200 a month or very nearly 50 per cent. of our whole working capital per annum and we are selling milk unadulterated, cheaper than any other supplier in Calcutta and paying 10 to 121/2 per cent. more to the producer. These figures of course are possible on no other system except the co-operative system, which eliminates waste and which guarantees to return every pice of the surplus of the business to the shareholder-producers in proportion to the amount and quality of saleable goods produced.

A word about transport is necessary before passing on. societies began by bringing the milk by rail. A considerable part of it still comes by rail. As I have indicated earlier in this paper if you want to see something really insanitary you must go and see the goalas arriving with their milk in the morning trains. societies had no alternative and for a long time the societies? carriers came by these trains, each with a maund or a maund and a half of milk. Their cans, however, were covered and locked and sealed and to that extent precautions were taken to keep the milk from contamination. Several societies had to carry their milk long distances, 3, 4 or 5 miles, to the railway stations and as these societies were much nearer to the Jessore road than to the stations we very soon began to think of motor transport. societies were too poor and too few in number to purchase motor lorries then and yet we believed that motor transport would greatly improve the supply. The Hon'ble Mr. P. C. Mitter induced the Government of Bengal to make a grant of Rs. 13,000 this year to purchase motor lorries for the experiments we desired to make. As I have told you before it has now been found necessary to trouble the Secretary of State before this money can be paid. We could not wait for the Secretary of State and we ordered the lorries, intending to borrow money to pay for them. Delay in the arrival of the lorries from America, the necessity of motor transport for the Afghan War and many other causes combined to keep us out of our experiments. Mr. T. R. Pratt. himself a member of the Calcutta Corporation and deeply interested in the milk supply, came to our rescue and generously gave us the loan of a lorry free of charge and thus we were enabled to carry on until our own arrived. We have now been running two motor lorries for some months, sometimes only one and sometimes the two in the same day, and our experience shows that for short distances, say, 15 or 20 miles, round Calcutta and for the city itself motor transport is especially suitable and that it will pay. Eventually, as milk is brought from longer distances and, indeed, as larger quantities are brought from nearer distances, we shall have to come back to the railway train, as I shall indicate later on, but not to that crowded 3rd class carriage with 20 or 25 unwashed goalas and 20 or 30 open vessels full of a mixture that passes by the name of Then we shall hope for cold storage vans and trains that it will pay the railways to time to suit our convenience. For delivery to depots in the city, however, motor lorries will always be indispensable and they will be utilized too for bringing milk from the nearer societies to the city.

Now what can we claim as a result of our work? We had only two objects before us when we started, namely, by co-operation to increase the quantity of milk brought into Calcutta and to improve its quality. Improvement of the quality is the more necessary but it is not sufficient for the Calcutta problem and it is impossible of achievement to the necessary extent without an increase in the quantity, for the simple reason that a demand in excess of the supply will always be a temptation to adulterate and to produce poor milk. We have to some extent already accomplished these objects. We have actually increased the supply of milk and we have to some extent improved the quality of the milk supplied.

It is very easy to show that we have increased the supply by the co-operative system. We have actually increased the productivity—if I may be permitted to use the term—of our members. When we began we had 22 members and their maximum daily supply was 20 seers or .9 seer per member. In the 12 months ending 30th June 1918 we had 201 members and they attained a maximum supply of 240 seers daily or 1.2 seers per member. Last year we had 561 members and they attained a maximum daily supply of 760 seers or 1.35 seers per member. Now we have 935 members and they have attained a daily supply of about 1.5 seers per member. Thus the productivity per member has risen in less than 3 years from .9 seers to 1.5 seers. In other words by bringing these men into co-operative societies we have got them to increase the supply of milk they sent to Calcutta by 66 per cent. We shall certainly make them double the original supply per member before long. Now how have we accomplished this? By offering to the owner of the cow all the profits of his industry except the amount that goes by law to the reserve fundand even in this he has an interest—we have been able to show him that his cow is not so unprofitable an animal as he thought. We have just been able to give him that difference which makes the cow owner interested. In many cases members of our societies have found that it pays better to keep and feed as required cows giving 3 or 4 seers a day than to keep cows giving only one seer a day. In many cases those who had one cow found it just as easy and more worthwhile to keep two, and those who had two have similarly decided to keep three. In such cases the societies have advanced half the price of the new cows and the members themselves have found half the price. In a few months the cows have paid back the debt themselves. Since July last Rs. 4,000 is the estimate of the cost of the new cows bought by members of our societies in this way. Two societies also combined and bought a Montgomery bull from Pusa. They did this with their reserve funds and as their outstanding liabilities were more than covered by the milk supplied by them at any time I had no difficulty in permitting the investment. Another discovery the members of our societies have made is that it pays to feed their cows better than they used to.

It must always have paid these cow owners to keep cows. That is obvious. Otherwise they would not have kept them. Suppose that a cow giving a maund of milk in a month yielded on the sale of her milk at Rs. 5-8 a maund a net profit to the member

of Re. 1 per month, a low estimate but not far out. The increased price offered by the society together with the bonus offered at the end of the year meant an increase of not less than 20 per cent. in the amount he received for his milk. His net profit therefore became Rs. 2 instead of Re. 1. That is to say we increased his profit, which is the thing that counts, by 100 per cent. It is now obvious why the member decided to keep two cows instead of one. When he found out that by better feeding he could get his cow to produce more milk, the profit on which was doubled by the cooperative arrangement, he obviously lost no time in giving her better food.

One more point I should mention is that few, if any of our members now send their dry cows to the slaughter houses.

I have shown you from the figures of productivity, which are absolutely accurate, being derived from the amount of milk actually paid for and the known number of members in the societies, that we have increased production wherever we have set up a society and I have given you the reasons why the society must necessarily have this effect. We have therefore demonstrated that a certain way to increase the supply of milk for this city is to organize that supply co-operatively. There is not the slightest shadow of doubt in my mind about that proposition.

We now turn to the effects of co-operation on the quality of the milk produced in the societies. The quality of milk depends solely on two factors (1) the cow and (2) cleanliness. No one will deny this. A healthy, well fed cow, in her natural surroundings and cleanliness in the milking and the carrying and the handling of her milk are the essentials and the only essentials of the purest milk that the finest dairies in the world can supply. preservation of milk with which I shall have to deal later, depends on a third factor, the temperature at which it is held, but the quality of milk depends on the cow and cleanliness. Now what has the co-operative society done for the cow and what for cleanli-I have already told you what we have done for the cow. We have made her twice as profitable to her owner and therefore deserving of better food and better care and we have shown the owner that better food and better care still further enhances the profit the cow can bring and thus we have effected a continuing and

increasing improvement in the cow which supplies our milk.

Again I have told you that our members find it profitable to get better cows, cows giving 2 or 3 seers instead of 1 or 2 seers. We have thus improved the cow by improving the selection. I have told you too of the purchase of a bull from Pusa by two societies. That involves an improvement in the cow. Thus far we have gone but progress in this direction will not be very great for the reason I have given at the start of my paper. In such circumstances as a cow has to exist in in the ordinary village in Bengal it is impossible to keep a really good type of cow. There is no grazing and the cow that lives in Bengal must, as every one knows who knows Bengal in the rains, be almost amphibious. All we can do is to introduce better selection, better food and better care. We have to no small extent done this. In a few weeks we shall have a qualified veterinary assistant surgeon solely for the societies and the good work should make further progress.

What have we done by our co-operative societies for cleanliness? Let us make no mistake about it, the most important factor in a good milk supply for this city is cleanliness. In 99 cases out of a hundred when milk is bad it is bad because of dirt in it. If you took a cubic centimetre of the sewage of London and a cubic centimetre of Calcutta milk and got the most eminent bacteriologist in this city to examine them for bacteria the Calcutta milk sample would in the numbers of bacteria found beat the London sewage sample as thoroughly as Carpentier recently beat his opponent in the ring. Calcutta milk is not peculiar in this way. You would find milk in most cities in the world that would also knock out London sewage in this unequal contest. an unequal contest, since almost the most ideal breeding ground known for bacteria is milk at Calcutta 's average temperature. is in practice impossible to keep milk entirely free from bacteria. We know, however, that even in milk bacteria will practically cease to multiply in a temperature of 40° or 50° F. This is why it is necessary to keep milk cool in order to preserve it but if your milk already contains several million bacteria to the cubic centimetre it is doubtful whether it is worth preserving at all. If you are going to preserve something let it be something good. We must therefore—and this is all that we can do-keep as many bacteria as

possible out of the milk. Progress in cleanliness is merely a matter of education and of demonstration of the results. dairy farmers in the world took a very long time before they realized the importance of cleanliness and your Bengali cultivator will not learn the lesson more quickly Still, the societies have done something and hope to do more. If in the direction of improving the cow progress must be limited there is ample scope for all the energy we can spare in introducing improvements in the direction of cleanliness. By our system of sealed cans we have kept water out of the milk and many of the bacteria in the milk supply of Calcutta come from dirty water. By our cleaner methods of transport and by the sterilization of cans and the introduction of better cans we have probably excluded millions of bacteria to the centimetre. The societies have begun to teach their members the rudiments of the hygiene of milk and to induce them to be cleaner in dealing with their cows. When we began we endeavoured to have all the cows brought to one place to be milked both on the grounds of economy and efficiency as well as to ensure hygienic methods at the time of milking. This was a revolutionary proposal which nearly wrecked the early societies. It was necessary therefore to give up the idea and try to educate the members up to it. We have made progress in this direction and it may not be long until we have a common milking shed for each society. In delivery to customers our methods are cleaner than those of the goala and we hope to improve them still more. We have had very frequent analysis and tests of the milk and we have done our best to investigate every complaint and set right whatever was wrong. As I have said we have probably kept millions of harmful bacteria out of our milk but we have millions more to expel. We may assuredly claim to have improved the quality of the milk sold by the societies but we are the first to admit that we are nowhere near the standard which can be attained.

Now I have told you of our experiments from their very origin, of the circumstances in which we made the experiments and of our difficulties, financial and otherwise. I have given you the results, quantitative and qualitative, of these experiments and I have shown you why we have cause to be satisfied. We have drawn certain conclusions from our experience as to the future of the milk supply

of this city, and these conclusions I should like to put before you. I shall make suggestions which appear to me to be worth investigating and I shall indicate the lines on which to my mind a very considerable daily supply of pure milk for this city may be organized. Our first conclusion is that the only chance of providing a plentiful and pure supply of milk for Calcutta at a reasonable price lies in a system of co-operative societies which will give the full benefits of their industry to the owners of cows. do not deny that you can produce otherwise a limited but comparatively expensive supply, but I am concerned with a large supply of reasonably cheap milk within the reach of all. Even in European countries where rich pasture is more plentiful it has been found that the co-operative is the best system of dealing with milk. This means that even in European countries there is no room for an unnecessary middleman between the producer and consumer of milk, for it is practically only in the milk business that eminent authorities on co-operation recommend producers on a large scale to undertake retail business. The first advantage of the system is that it gives much more to the producer without increasing the cost to the consumer and therefore encourages the producer, who in Bengal requires a lot of encouragement, to continue this hitherto comparatively profitless industry. co-operative milk supply societies are much more easily controlled. They are as co-operative societies subject to a certain control under the Co-operative Societies Act. Apart from this, however, it is obviously far easier to exercise municipal control over organizations of this nature than over innumerable goalas. Besides a peculiarity of co-operative societies generally is the respect for law and order which they inculcate and milk societies are no exception. existing societies here have gone out of their way to collaborate with the municipal authorities to ensure quality. They invite control, examination, analysis. The co-operative milk society pays for quality as well as quantity and it further makes it the interest of every society and of every member of every society to see that each member keeps up the quality of his milk. As soon as the societies become strong enough, and they rapidly do so, they deal mercilessly with any member who does not come up to the standard of quality. He goes out of the society and he will have

no place else to go to. Similarly the Union of societies—their Wholesale if you like to call it so—will expel a society that fails in quality and the milk of that village becomes useless to its owners. A system of competing buyers would never bring this about. The members by joining a society and the society by joining the Union submit themselves to be dealt with in this way. They burn their boats, as it were, and if they did not intend to act up to the standard required they would not do so. They do so of course because it pays them.

The co-operative system not only makes for better quality but since it returns all the profits to the members in proportion to the supply by each it stimulates increased production.

One of the chief reasons why milk is bad and dear in Calcutta is the absence of an organized system of supply. It is not the greed of the owners of the cows that makes milk dear in Calcutta. It is the waste involved by want of system. A co-operative organization will remedy this.

Our second conclusion is that the system we have inaugurated can be extended to the great advantage of the cow owners and the Calcutta public. In the first few years of our experiments we have each year increased the supply six-fold. We have as vet dealt with not more than 30 villages and we have made each village produce over a maund of milk daily. When we have our existing societies in full working order we hope to have each village producing 2 maunds of milk daily, but even if we take one maund as the standard we should require only 2,700 villages to produce 100 tons a day. Now there are many more villages than that in the districts round Calcutta, but communications are bad and we require villages easy of access, villages near the roads and the railway lines. Hence we shall have to go further afield. leads to our third conclusion, namely, that Calcutta will have to make up its mind to do what every other big city has to do and use morning's milk in the afternoon and the afternoon's milk in the morning.

In the districts of Midnapore, Howrah, Bankura, Burdwan, Birbhum, Murshidabad, Nadia, Jessore, Khulna and 24-Parganas we have good railway systems radiating from Calcutta. By these we must supply the city with milk collecting it from hundreds

of villages at convenient stations. Thus for instance we might have a centre at Plassey and a centre at Chuadanga, etc. Milk is cheap in those parts and if from 30 villages we can collect well over a ton of milk in Calcutta it should not be difficult to collect 5 or 10 tons in each of those centres.

This third conclusion, that Calcutta must go further afield for its milk and bring it in by railway involves certain difficulties. I am convinced that this is the source of supply which must be developed. The difficulties in the way of development must, however, be first investigated and then removed. I take it that if there were large consignments there would be no difficulty about the railway. The railways in India are very reasonable and their charges are not excessive. It would not be impossible, perhaps, to arrange to have a cold storage van attached to some fast train passing through centres like Plassey, Chuadanga, etc., if the quantity of goods made it worth while. The existence of the transport is no difficulty then. The existence of the supply, judging from our experience, is no difficulty either. The cost of the supply and the expenses of handling it, also judging from our experience and the railway tariffs, would be no difficulty. At present after paying higher rates for milk we make a round tupee surplus on every maund of milk. We have that amount still to spend on overcoming any difficulties we may meet.

The sole difficulty is the difficulty of preserving the milk. Now it is established and thoroughly established that the preservation of milk depends on two factors (1) its cleanliness and (2) the temperature at which it is held. Dr. Joshi's book "The Milk Problem in Indian Cities" is a convenient reference on this point but if any one is interested I can lend him a dozen other books which chronicle the result of research in connection with the preservation of milk in America, Europe, Australia and elsewhere and they are fairly unanimous in their findings. I have already told you that cleanliness is a matter of education and our co-operative milk societies are the best educators in dairy hygiene. It may take a few years of hard work to bring home the importance of cleanliness to the owners of cows but it can be done. The cost of bringing milk to a low temperature and holding it at that temperature during transport to its destination remains to be

investigated. I am not aware that it has ever been investigated in Bengal, though doubtless the Gadkhali farm proposal was not put forward without some such investigation.

It seems then to me that the Calcutta Corporation, which is the most directly interested, or the Government of Bengal, if the trammels of red tape do not prevent them, as in the case of the motor lorry experiments I have referred to before, should without delay, if they have not already done so, experiment on the possibility of transporting milk in a good state of preservation from, say, Murshidabad district to Calcutta. If all the scientists and dairy experts, whose books I have studied on the subject, are not wrong, the experiments will be successful. The cost of reducing the milk to the required temperature and maintaining the milk at that temperature will then be known and it will be possible to see how far a co-operative organization may go to help to solve the Milk Problem of Calcutta. The point is that the producers of the commodity are not in a position to make the experiments and until the possibility of preservation during transport is proved by experiment it would be useless to organize the producers. They have no finance, and, although, like their brethren in the milk societies near Calcutta, they might get on without finance when once organized, it requires finance to make the experiments preliminary to organization. There was no such difficulty in the case of the existing societies. These societies have made their own way without any help from any source except the propaganda of the Cooperative department. Neither Government nor the Calcutta Corporation have directly spent any money on these societies or helped them financially in any way. The only assistance they received from outside was the loan of Rs. 300 at 93/2 per cent. per annum and the loan of a motor lorry for a few weeks from a gentleman interested in their work.

There are many other interesting matters in connection with our existing societies which I should like to tell you about, details of our system, our plans for further expansion and improvement, etc., but the time at our disposal is insufficient. I cannot conclude, however, without referring to something which in connection with the milk supply is as important as the proper maintenance of cows and the education of the owner of the cow in dairy hygiene. I

refer to the education of the consumer. Some of the consumers of milk in Calcutta appear to prefer dirty milk to pure milk, if one can judge by their apathy in regard to the most rudimentary precautions in connection with this food. This is not peculiar to Calcutta. American writers on the milk supply of cities have made the same complaints about American consumers. disheartening to find at our stalls milk supplied under the same conditions from the same vessel at the same time to two customers living side by side and to learn later from one that the milk was perfectly good and remained good for the usual time while the other reports that the milk went bad. The only explanation is the neglect of the customer. That is one example. worse is worth recalling. The societies had an offer of a fairly large contract from a certain business in Calcutta and they had to decline it because two employes of that business approached them for bribes and guaranteed if the bribes were given to show every 20 seers delivered as 25 seers. I could give some more instances of this nature if I had time. I have not the time but I must emphasize the necessity of the co-operation of the consumer with the supplier. If the consumer does not do his part and keep the milk properly in clean vessels and in clean surroundings under proper conditions all the work of the supplier towards improving quality is wasted. The co-operative societies freely invite complaints about the quality of the milk they supply. Of course the customer resents the suggestion that he or his servants are possibly to blame. Yet they are possibly to blame and it is not enough to ask the supplier to investigate the complaint. It is also necessary for the consumer to investigate it at his end also. In this respect milk is peculiar. It may become contaminated through the fault of the supplier or through the fault of the consumer and it is only by cooperation and good will between them both that its purity can be It will be necessary for the societies to produce a little pamphlet to be distributed to consumers telling them the proper way to treat milk and it is to be hoped the consumers will study it.

## **CO-OPERATION AND CASTE ORGANISATION**

[By Prof. Bhupati B. Mukherji, M.A., Ravenshaw College, Cuttack.]

The industrial development of India will to a very great extent depend on the growth of Co-operative ideas among the people. Many indigenous industries are fast disappearing owing to the lack of funds, the keenness of competition and the failure to introduce modern labour-saving appliances. The artisans are generally very poor and illiterate. The prices of raw materials have gone up. They are gradually drifting to other trades and industries as their hereditary crafts connot support them. are, in many cases, absolutely at the mercy of the Mahajans, who lend them capital and act as middlemen, thus usurping the whole profit. These artisans also suffer, because they cannot efficiently market their articles and bargain for better rates. Their indebtedness and lack of solidarity have indeed proved to be their The only means of putting these cottage industries on an efficient basis, is the introduction of Co-operation among them. The Report of the Indian Industrial Commission also points out that the salvation of the small industry lies in Co-operation.

Of the 1019 Non-agricultural Societies working in 1918, a fair percentage consists of Industrial Societies. They have been started among Goalas, Dyers, Basket and Brassworkers in the Central Provinces; Chamars in Bombay and the Punjab and wood carvers in Burma, Carpenters, Potters, Oilmen and Weavers in Bengal and in Bihar and Orissa. In some places these Societies supply cheap credit, or raw material or market the manufactured goods.

Progress in this direction has not been as rapid as was expected and in many places the idea of Co-operation has failed to take root. The main principle of co-operation, i.e., helping each other, is in many cases wanting and the members are lukewarm in their enthusiasm for Co-operation. The members, in

some cases, have converted these Societies into ordinary joint-stock companies and are eager to secure fair profit and high dividends. In their anxiety to earn the maximum profit, they are generally unwilling to admit new members. The rate of interest they charge is in some cases very high. Thus the object of Co-operation is defeated.

These Industrial Societies are mostly on the Schulze Delitsch Model and are of limited liability. The main reason, why these Societies do not prosper, is that the members have very scanty assets, and cases are on record, when a member, after being heavily indebted to the society, has disappeared and there was nothing left to liquidate the debt. In a Fishermen's Society, the Fisherman has no other property than his nets, and lending to him is always highly risky. Therefore these difficulties have stood in the way of the progress of Industrial Co-operation, and the present method has not achieved much success.

A greater amount of success may be obtained, if Industrial Co-operation is based on Caste Organisations existing in many places of India. These Organisations afford almost all the requisites of sound co-operation and these may be made the basis of the Industrial Societies of the future.

In Orissa, these Organisations are yet very strong and efficient. They are mainly composed of the artisan classes. They have rigid rules governing the social relations as well as the industrial pursuits of the members and they are strictly enforced. We will cite an instance.

The Kenta is a sub-caste of the Fisherman Class. It is mainly Dravidian in Origin—the totem being Kachhap or Tortoise, Naga or Snake. Though their caste profession is fishing and the manufacture of fishing nets, they have taken largely to working as masons. Every Kenta Settlement is sub-divided into a member of family groups, each having a Behera, or leader. Above these Beheras is the head of the community—the Sardar or Data Behera. This office is hereditary but on the late chief dying without any male issue, an election takes place. The Behera looks after the affairs of the families under him and is responsible to the Sardar, for their welfare. The rules of the community are framed by the Sardar in consultation with the Beheras. When some member of the

community dies,—this information is sent round to all the families and every family must send at least one man to take part in the cremation of the dead-body. Any failure to attend is penalized by a fine varying from four annas to one rupee. This fine is realized on the spot and deposited with a person who is the Treasurer of the Communal Fund. The leaders of the community meet at the dead man's house, enquire into his affairs and if the deceased has left a family in straitened circumstances, monetary help is given to the family out of this fund. No marriage can take place until the Sardar has sanctioned it and has settled the financial aspect of the affair. On every such occasion, the Sardar and the Beheras receive presents of cloth. On the day of the marriage all the members of the community must be invited and a meeting takes place. If the host shows the least discourtesy or is accused there by any person of having broken the caste rules, the man is outcasted and no man dines in his house. occasions, the host has to clear up old debts, as the refusal to pay up debts is also a violation of Caste rules. The Sardar lays down some rules about the Caste profession which must in all cases, be obeyed to the letter. This checks underselling and adulteration and encourages professional honesty. Most of these violations are punishable with excommunication which can, however, be commuted to a heavy fine and the money goes to the fund. is also advanced to needy members sometimes from this fund.

Such organisations exist among carpenters, potters, blacksmiths, goalas, palanquin-painters, and barbers, etc.

So we see that these institutions possess an efficient organisation—the members are liable to be punished for any breach of the caste rules, and the whole community is there to execute the sentences of the Sardar. There is the idea of mutual self-help and the members of the community are fully conversant with the affairs of each other. The Caste fund helps the needy members and gives loans on proof of actual distress. These loans are invariably paid up in full—as any failure to do this, is punishable by social ostracism.

The causes which have retarded the progress of co-operation are not present in these organisations. Therefore, if Industrial Co-operation is started on the lines of these caste institutions,

and the members of the caste can be induced to include Co-operation, in their caste organisation, then we can reasonably hope for the growth of industrial societies all over India and many struggling industries would be saved from a premature death.

## HAZARIBAGH AND CO-OPERATION

[By Prof. P. C. Basu, M.A., St. Columba's College, Hazaribagh]

Four years ago, I was requested by the Secretary of the Social Service Guild of the St. Columba's College, Hazaribagh, to read a paper on Co-operative Credit Societies. While collecting materials for that paper, I was surprised to learn that in the whole district of Hazaribagh covering an area of 7,000 miles and containing 7,109 villages, there was only one Co-operative Credit Society. The greater was my surprise, when I came to know that in the neighbouring district of Ranchi, only 58 miles from Hazaribagh, more than 120 societies were working very satisfactorily. From that time, I was anxious to do something in this direction; but being a stanger in the locality and having no practical experience, I could not venture to undertake anything. Last October, I met Mr. N. K. Roy Deputy Registrar, c.s., Bihar and Orissa and I was glad to learn that he wanted to initiate the co-operative movement in Hazaribagh. Thanks to Mr. N. K. Rov for his constant help and instruction, we have succeeded in organising one Central Co-operative Bank and a few Co-operative Credit Societies. A Co-operative Store for the Students of the St. Columba's College—the first of its kind in Bihar and Orissa has also been registered.

Poverty and opportunities of production are considered by Mr. Wolff to be the two postulates of successful Co-operative Credit. These two are more conspicuous in Hazaribagh, than perhaps in any other part of Bihar and Orissa.

"The ill-clad villagers, men, women and children, thin and weak, made old beyond their years by a life of underfeeding and overwork come out before day-break. With "bare and hardened feet, they reach the fields and begin to furrow the soil with thin lean cattle." They live in huts "so insanitary that no decent

European farmer, would house his cattle in them."

Meeting hard and exhausting toil throughout their life, the villagers go to the grave "Carrying with them undeveloped abilities and faculties which if they would have borne full fruit would have added to the material wealth of the Country many times as much as would have covered the expense of providing adequate opportunities for their development."

The average income of a villager is estimated to be "half a seer of rice per head per day. But of this, which taken in full is inadequate even for the food of the household, deductions must be made for clothes, salt and agricultural implements. It becomes abundantly clear that the majority of the population has even less than this theoretical average household. \* \* \* \* The district is desperately poor." [Final Report on the Survey and Settlement Operations—Hazaribagh District 1908-15].

This estimate is made by a government officer who was to quote his own language, "careful to avoid exaggeration."

Even when crops do not fail, the majority of the villagers can not have full meals. When there is a failure of crops, starvation stares them in the face. The adventurous emigrate in search of employment, while those who remain at home, are compelled to borrow money at exorbitant rates of interest. The usual rate of interest is 75%, 150% rate is not rare. Sometimes the mahajans while advancing money at a high rate of interest, make an arrangement that when the harvest will be reaped, the raiyat will have to sell his crops at a favourable price. The difficulty of getting funds compels the raiyats to become reckless and to welcome any arrangement, however unfavourable. The economic situation of Hazaribagh makes co-operation, at least for the purpose of credit, a necessity.

Customs regulate everything in villages and sometimes they work very harshly. If any villager dies, according to customs the head of the family, to which the deceased belonged, has to arrange a feast for his caste members; so long as he can not manage this, he remains practically an outcaste. One villager, named Rupan Teli lost two members—wife and a boy, in one day. Since these two died on the same day,—Rupan believed that one feast for his castemen would suffice; but he was told by his caste-

panches, that since two different members died, there must be—two separate feasts. The poor fellow had to bow down before this decision and act accordingly. Nothing but the wholesome bond of unlimited liability of a co-operative credit society, can put a stop to these tyrannical practices! If the villagers are bound together by joint responsibility, they will learn that for the extravagance of one, others will have to suffer.

The opportunities of production in Hazaribagh are many. Ranchi has 72% of its cultivable area under tillage, while Hazaribagh has only 36% of its cultivable area under cultivation. This shows that there is a great scope for expansion of agriculture.

In the opinion of Mr. Lifton—"the obvious requirement of village agriculture (in Hazaribagh) is more ahars above the stretches of rice land to retain the rain water! \* \* \* \* \* . There should be a general advance among all classes of raiyats in the direction of raising the value of their land by means of small irrigation works. Any tendency observed in this direction should be encouraged by agricultural improvement loans, issued upon a system, which would ensure the full amount of the loan without deduction for intermediaries, reaching the raiyat applicant."

What can satisfy this object in a better manner than the loans granted by co-operative credit societies?

Apart from agriculture, Hazaribagh has immense industrial potentialities. Of the three factors of production—land, labour and capital, the only thing wanted is capital; if that can be supplied judiciously and in the right direction, the material condition of the district will advance substantially in a few years.

To ensure the success of the co-operative movement in Hazaribagh, I beg to suggest an amendment to the Chotanagpur Tenancy Act by making the *raivati* land liable for the debts of co-operative societies. The limitation of transfer was introduced to save the tenants from expropriation by money lenders; the object of the co-operative movement is to protect the poor villagers from the clutches of usurers by supplying money at a low rate of interest. The amendment will not go against the object of the original Act, it will indirectly serve the same purpose in a more effective way. The only property of the poor *raivat* is their land, and if that can

not be held responsible, how can a Central Co-operative Bank safely advance loans, when there is a danger of losing every thing?

One might point out that the success of the co-operative movement at Ranchi, has shown that the movement may succeed without any amendment of the Tenancy Act. The success of Ranchi is certainly due to the never failing energy and untiring efforts of Rai Radha Gobinda Choudhury Bahadur and a member of patriotic gentlemen;—but one should not forget that the condition of Hazaribagh is different from that of Ranchi. Ranchi had been the head quarters of the Registrar, of Co-operative Societies and his staff for several years in the post. The first co-operative movement had been a catastrophic failure in Hazaribagh. Moreover Hazaribagh has been the home of Kamias—who preferred lifelong bondage for the advance of a few rupees.

The Local Government is introducing a special legislation for removing the Kamia system. This system though deserving abolition is bound to disappear if co-operative movement makes rapid progress. This vicious system prevails in a very bad form in the Palamow District, where the co-operative movement has not yet practically commenced. Only very recently two societies have been registered. Co-operative movement will sound the knell of the Kamia system.

Some gentlemen are of opinion that most of the aboriginal inhabitants of Chotanagpur are very careless about their expenditure and that the moment the proposed amendment of the Tenancy Act is introduced making the *raiyati* land liable for the dues of Cooperative Credit Societies, they will incur debts recklessly and will be deprived of their land by *mahajans* or other undesirable persons. But this difficulty can be removed by introducing a special provision in the amendment, that for the dues of Co-operative Credit Societies, land can be sold only to agriculturists of the same village or to the same class of people to which the debtor belonged.

It is hardly necessary to add that if the land is once made liable, there will be few cases of sale. The very fact that land may be sold in case of failure of payment will make the members more careful in their payment.

The raiyati land can be sold for the failure of payment of rent; the Government can sell it for realising land improvement loans,

so it will not be a serious departure from the principles of the Chotanagpur Tenancy Act, if the land is held liable for the dues of corporate bodies like Co--operative Credit Societies.

The very salvation of the poor villagers of Chotanagpur lies in co-operation, and it will be a matter of much regret if that cannot be a success for the Tenancy Act. I beg most earnestly to draw the attention of the Local Government to the necessity of introducing the proposed amendment of the Chotanagpur Tenancy Act at an early date. This is my humble suggestion, the opinion of experts on this subject may be invited and decision may be made accordingly.

Nowhere is co-operation so urgently wanted as in Chotanagpur and nowhere perhaps has the progress been so slow as here.

# CO-OPERATION IN BENGAL

# Government Reesolution on the Working of Co-operative Societies in Bengal during the year 1918-19.

- 1. One of the principal features of the previous year was the strain which had been put upon societies by the low price obtained by cultivators for their jute and rice; recoveries were seriously affected and societies showed caution in advancing loans. A sharp contrast is afforded by the report of the present year under review, when better prices were obtainable for jute and the price of rice rose to unprecedented heights. Though the Registrar in his report makes certain reservations in drawing a deduction from these facts and points out that the bulk of the societies lie in jute areas, it is significant that the rise in the price of both the rice and jute produced by the members synchronised with an increase in the financial prosperity of the co-operative societies to which they belong.
- 2. During the year under report the increase in the number of societies was 615, in the number of members 16,021, and in the working capital Rs. 36,34,692, compared with 557 societies, 19,538 members and Rs. 41,68,578, the increase of the previous year. That there was no greater expansion is due to the care with which applications for societies have been scrutinised, a sound measure dictated by past experience of unsound societies formed in haste and in ignorance of the principles and duties of co-operation. With the increase in societies, the number of inspectors rose from 41 to 50 and honorary organizers from 45 to 48. The number of auditors rose from 14 to 28 and two divisional auditors were appointed in the year by Government. Audit is of the first importance; and it is satisfactory to learn that a proper detailed audit is now one of the chief features of the working of the department.
- 3. Repayments during the year were good; but, though there was a corresponding increase in advances, some caution was still

exhibited in advancing loans. The central banks advanced Rs. 32½ lakhs and recovered Rs. 23 lakhs in 1918-19, against Rs. 18 lakhs and Rs. 10¾ lakhs, respectively, in 1917-18. Similarly, the agricultural societies advanced Rs. 28 lakhs and recovered Rs. 23½ lakhs in 1918-19 against Rs. 23¾ lakhs and Rs. 15¼ lakhs, respectively, in the previous year. Two other satisfactory features are that the amount of loans overdue to such societies was reduced by Rs. 6 lakhs and that their reserve funds were increased from Rs. 9¾ to Rs. 14½ lakhs.

- 4. The progress of the Bengal Provincial Co-operative Federation Ld., which was opened in the previous year, surpassed expectation. By the 30th June 1919, 49 central banks and 8 other societies had joined it. The Federation received Rs. 10¾ lakhs of the idle funds of its members for investment and made repayments to the extent of Rs. 8 lakhs; and it saved one central bank from disaster during the year under review. Of the Rs. 13 lakhs of deposits taken from our central banks at a high rate of interest it repaid nearly Rs. 4 lakhs. The assertion of the Registrar that the Federation has already accomplished the purposes for which it was formed, viz., to keep money employed all the year round by the utilisation of the surplus funds of its members and to assist them in other ways as far as possible appears therefore to be well founded.
- 5. The number of central banks increased from 52 to 58, their working capital from Rs. 67½ lakhs to Rs. 82½ lakhs, and their paid up share capital from Rs. 16 lakhs to Rs. 11¾ lakhs. At present only 14 of these banks have appointed paid secretaries or assistant secretaries. The number of unions decreased from 13 to 12 in the year under review; but they are reported to be neither successful nor popular in Bengal.
- 6. Agricultural societies have increased in numbers from 2,067 at the end of 1615-16 to 2,874, 3,374, and 3,923 at the end of the years 1916-17—1917-18, and of the year under review, respectively. Pratically all the new societies formed during the year were of the type based on shares, a type re-introduced during the year. Many of the old societies have also now adopted byclaws providing for shares. During the year the membership increased from 125,590 to 134,755, and the working capital from

Rs. 801/2 lakhs to Rs. 921/4 lakhs. Much good work was done by the department in the direction of the purification of societies. Large societies of which the membership was too large to admit of the members being thoroughly acquainted with one another were split up; but the most important work of this description was the nursing of bad societies in the attempt to improve them and the liquidation of incurably bad societies. No less than 81 societies were liquidated during the year against 29 in the previous year; and, as a result of the facilities afforded by the Bengal Public Demands Recovery (Amendment) Act, 1918, realisations in societies under liquidation have been more than three times as much as the total in all previous years. Most of the unsoundness in the had societies is due to the dishonesty of office-bearers; but the hope may be confidently expressed that with the more stringent system of audit now in force, the prosecution of certain dishonest officebearers and the awakening of the members of the societies to the fact of their unlimited liability, the day of dishonest office-bearers will be gone. It is gratifying to note that many instances of the excellent social, moral and economic efforts of the societies continue to be reported. In particular, it is significant of the ultimate practical effect of the existence of the societies that in the Gaibandha sub-division a group of societies maintain that they have not only reduced the rates of interest normally charged in the area for themselves, but for all other residents in it.

7. Considerable activity was displayed during the year in the development of agricultural non-credit and non-agricultural societies, of which the number increased from 17 and 203 respectively, in the previous year to 31 and 262 in the year under review. First and foremost may be mentioned the Noagaon Ganja Cultivators' Co-operative Society, Ld., which has successfully ousted the ganja brokers. During the year it realised a profit of Rs. 3 lakhs. Its activities are now being expanded in the direction of a purchase and sale society, cattle insurance, a demonstration farm, education, medicine, relief of distress and town improvement. In fact its making a bid, justifiable both on the grounds of efficiency and financial stability, to monopolise the local self-government of the ganja mahals. Owing to the importance of its work Government has lent to the society the services of Khan

Bahadur Ataur Rahman, Deputy Collector, as its Chief Executive Officer. Next in importance comes the development of the weaving industry, has increased from 65 to 100, 28 of which were added in Bankura: and towards the end of last year the organization of the Bankura Industrial Co-operative Union was effected. At the beginning of the year, however, the prospects of the union were blank, owing to the fluctuations in the price of yarn and of piecegoods, but two good orders which were received about Christmas time were so well executed that they put the union on its feet. At the end of June, 41 societies were affiliated to it. A credit of a lakh of rupees was given by Government to the union in order that it might give relief by employment of weavers during the famine in Bankura. The guarantee has not been drawn on. the contrary a profit was made and 500 families of weavers were kept off the famine-relief works. The Governor-in-Council is indebted to the Revd. Mr. A. E. Brown and Prof. Banerjee for the success of this scheme. Nevertheless there are still many obstacles to the development of these weaving societies in Bankura to be surmounted by co-operation. Amongst other societies may be mentioned the milk societies in the neighbourhood of Calcutta which are beginning to be reckoned with as of importance in connection with the supply of pure milk to Calcutta; the Sundarban's supply and Sale Society at Khepupara which cleared a profit of Rs. 6,000 over its rice transactions; the Khelar Irrigation Society in Midnapur where the fields irrigated by the society vield four or five times as much rice per bigha as the adjoining lands which were affected by drought; and the Central Co-operative Anti-malaria Society which was organized at the end of the year with the object of propagating the formation of primary anti-malaria societies in the mufassal and to assist them when formed. Several eminent medical men are associated with this society.

8. The Bengal Co-operative Organization Society has attracted to itself representative men from the land-owning, mercantile and professional classes and has completed a year of useful propaganda. The circulation of the Bengal, Bihar and Orissa Co-operative Journal, which it took over has increased, whilst its Bengali equivalent, the "Bhandar" is much appreciated

by an increasing circle of readers. Three pamphlets were published by the society during the year and arrangements were made for a course of public lectures on co-operation. As a result of a University conference held under its auspices a committee was appointed for propaganda in the University and Colleges. The society also participated in the Dacca, Mymensing, Howrah and Khulna exhibitions. The Governor-in-Council is glad to notice that so much useful work has been done by the society. At the Tenth Provincial Conference of co-operative societies, which was opened by His Excellency, fifteen resolutions were passed and are now under consideration.

9. The Governor-in-Council congratulates Mr. Donovan on the energy and enthusiasm shown by himself and his officers in the promotion of the various aspects of the co-operative movement in Bengal. His thanks are due to Professors Coyajee and Mukherji for the services rendered by them in connection with the Co-operative Journal. His Excellency in Council also records his appreciation of the help afforded by the ever-increasing number of persons interested in the movement; in particular, he is pleased to notice that several well-known Zamindars are showing activity in their sympathy towards it.

By order of the Governor-in-Council,

M. C. McAlpin,

Secy. to the Govt. of Bengal.

# 2. Co-operation and Industry.

Mr. Marr, in reply to a question, put before a recent meeting of the Bengal Legislative Council regarding the improvement of handloom weaving, said a weaving expert to Government has been placed under the Director of Industries, but he has not yet submitted a report and no final scheme has yet been formulated. Mr. E. Hoogewerf, Principal, Serampore Weaving Institution, after carrying on investigations in various districts has submitted his report in which he makes the following suggestions: "I am fully convinced that if local industries of this Province are to be improved, a separate Department known as the Department of

Industries should be created and that it should have as its head a Director with at least three efficient assistants to deal with primary industries of this province, namely (i) an officer who has a good knowledge of hand and power weaving and its allied branches; (ii) a chemist conversant with industrial chemistry and capable of conducting researches; (iii) a mechanical engineer with a sound knowledge of mining. Experience shows that industries cannot be promoted or artisans efficiently taught unless they are in some way brought under control, and this can best be done by forming them into societies and unions. In this province work has been entrusted to the Registrar of Co-operative Societies with the result that it has formed an impediment to the development of local industries, for the simple reason that it has been put under individual control, that is to say the organisation of artisans into societies and the matter of financing them has been entrusted to the Registrar of Co-operative Credit Societies, while their industrial enducation rests with the Education Department. Consequently it often becomes a difficult matter for officers in charge of the two Departments to work in harmoney with each other. In the provinces where these conditions do not exist, the promotion and improvement of industries is considerably an easier matter as the officer entrusted with the promotion of industries happens also to be Registrar of Co-operative Credit and Societies. In these circumstances, I think, that the Director of Industries suggested in my note should also be vested with the powers of a Registrar and may be known as an Additional Registrar of Co-operative Industrial Societies "

# 3. The opening of the Gaibandha Co-operative Central Bank Building at Gaibandha by the Hon'ble Mr. J. G. Cumming, C.S.I., C.I.E., I.C.S., Member, Bengal Executive Council.

The Hon'ble Mr. Cumming visited Gaibandha on Thursday the 30th October, 1919. He opened the new building of the Gaibandha Co-operative Central Bank which was tastefully decorated for the occasion. Most of the members of the rural societies affiliated to the Central Bank attended the ceremony.

Khan Shaheb M. Md. Abdul Majid, the Honorary Secretary,

read a report of the work of the Bank and as a mark of sympathy to the people who are in distress on account of the cyclone and to commemorate the inaugural ceremony he offered on behalf of the Bank a contribution of Rs. 501 to the Cyclone Relief Fund of which the Hon'ble Member is President. The contribution was presented to the Hon'ble Member by Maulavi A. Munshi, B.L., a Director of the Bank.

The Hon'ble Mr. Cumming then addressed the meeting in the following words—

"Mr. Marr, Khan Sahib and Gentlemen,

When the Registrar, Co-operative Societies, Bengal, communicated the invitation of the management of the Gaibandha Central Bank to open the new building I had pleasure in accepting it for two reasons; first because I hold the extension of the co-operative movement in this Province on correct lines has limitless possibilities for the good of the inhabitants of Bengal; and secondly, because I consider that every encouragement should be given to any body of co-operators who shew by example the true spirit of co-operation and such I believe to be the case in the present instance.

About nine years ago some settlers of Mymensingh District heard from their original homes about the promotion of the societies in Mymensingh; and in due course they had the satisfaction with assistance of Co-operative Department of Government, of seeing societies organised in their new homes. They understood the co-operative principle as each for all and all for each; and, while the original eleven societies have increased to sixty-one in this subdivision they have all adhered to the co-operative principles. The Central Bank which is the apex of the local structure has shewn equal fidelity to the principles of the movement and has been conducted and managed with skill and prudence: The members of the societies have accumulated more than 40% of their own They have amassed Reserve Funds of nearly three quarters of a lakh and have extended their activities from co-operative borrowing to co-operative sale in connection with jute. As for the Central Bank, it has accumulated a Reserve Fund; it has created a building fund from which more than half of the cost of this building is to be paid and has invested in the War Loan no

less a sum than Rs. 32,000. The Central Bank has borrowed from the Provincial Co-operative Federation about two-thirds of a lakh, while the societies have borrowed nearly a lakh and a half from the Central Bank.

These are the striking and exemplary facts. It needs no argument from me to drive home the spirit that these results must contemporaneously have inculcated the virtue of thrift and self-reliance.

It has fallen to my lot at Co-operative Conferences to appeal to the members of Co-operative Societies to be faithful to co-operative principles and on the other hand to introduce in the Legislative Council a bill to make the liquidation of unco-operative and defunct co-operative societies more speedy and more effective. I deplore that such societies should exist and that drastic measures for their suppression should be necessary. Therefore, all the more in contrast I congratulate those who have held aloft the flag of co-operation in this part of Bengal to indicate by example the right path to economic progress. If I might be permitted without individious distinction to mention to you I should like to say that the disinterested labours of Khan Shahib Abdul Majid have been conspicuous in this connection.

The gift of Rs. 501 to the Cyclone Central Relief Fund I accept with pleasure on behalf of the Committee of the Fund and offer on their behalf my thanks for the tangible proof of sympathy with them who in another part of the Province have suffered from a severe calamity of nature.

I shall now proceed to the formal opening of the new office building and trust that by continuance of careful and able management the balance of the cost of the new building will soon be cleared.

May the Central Bank and its affiliated Societies have in the future the good fortune which at present they deserve".

After the above address the Hon'ble Member got down from the dias and with the silver key in hand proceeded to the gate locked with a nice silver lock. As soon as the key was turned to open the lock, the opening was announced by firing of gun seven times in succession.

# CO-OPERATION IN THE CENTRAL PROVINCES

A resolution of the C. P. Administration dealing with the report on the working of the Co-operative Societies in the Central Provinces and Berar for the year 1918-19 states in part:—

Despite crop failure, famine, influenza and high prices, the vear has been one of progress for the co-operative movement. The number of societies increased from 3,727 to 4,223, membership from 107,446 to 123,887 and the capital turn-over of the registered banks and societies from under four crores to over four and a half crores of rupees. Mr. Crosthwaite, the Registrar of Co-operative Societies in C. P., rightly puts in the forefront of his report his account of the working of primary societies, and there are certain phrases in this part of the report which the Chief Commissioner would impress on all co-operators and which are therefore reproduced in this Resolution :- "The true aim of the co-operative credit movement is to produce healthy, independent and successful primary societies. The superstructure of central and provincial banks and federations is there not to dominate but to serve the primary societies. The centre of administrative gravity must be the primary society, and until it is the centre, it cannot be claimed that any stage of finality in organization has been reached. What is happening is that several central banks are becoming, if they have not already become, the financial centres of gravity, the provincial bank being their clearing house. One of the greatest weaknesses of our system, however, is the overdependence of the primary credit societies on the central banks, an over-dependence the danger of which is most serious in the case of a central bank which is deep in the debt of the provincial bank. The financial centre of gravity must be brought lower, so that the co-operative movement in this Province may not balance itself precariously upon its head, but may stand squarely and firmly upon its feet."

The Registrar is not content merely to point out the danger;

he is also ready with remedies. Primary societies, he says, should be induced to get local deposits. Next, the increase in the number of guaranteeing unions, as links between primary societies and central banks, is advocated in paragraph 8 of the report as the most important work which lies before co-operators. Mr. Crosthwaite points out that up to the present such unions serve only a quarter of the existing primary societies and that there has been no increase in their number during the last year. The central banks cannot expand further on the old lines and cannot continue to deal directly with individual primary societies. It is therefore unlikely that the Registrar will be able to register many new societies during the coming year. The steps which are being taken to train selected members of primary societies in the writing up of accounts should also, the Registrar thinks, work as a remedy against over-centralization.

In paragraph 9 of his report Mr. Crosthwaite gives an interesting account of agricultural societies for purposes other than credit, and the Chief Commissioner is glad to observe that the society at Khangaon, which was formed last year to assist its members in agricultural improvement and development, has been successful and has led to the formation of two similar societies in the Buldana district. The long quotation which the Registrar gives from a note prepared by Mr. Plymen, Deputy Director of Agriculture, Western Circle, shows how closely the Registrar is working in co-operation with the Department of Agriculture. The year witnessed the starting of co-operative stores, and already 21 societies with a capital of about ten lakhs have been registered. As Mr. Crosthwaite points out, the immense organization of cooperative stores in Britain started from very humble beginnings, and the Chief Commissioner considers that the present time, when prices are high and supply is difficult, is a most appropriate occasion to endeavour to start such stores in India. If the persons who have taken the lead in the establishment of stores realise from the outset that, as Mr. Crosthwaite says, the task of organizing co-operative distribution, to be followed it is hoped by co-operative production, is much more difficult than the organization of cooperative credit, the stores should have a most useful future before them.

# **CO-OPERATION IN MADRAS**

The Eighth Madras Provincial Co-operative Conference met again at noon yesterday at the Wesley College Hall under the Presidency of The Hon'ble Mr T. V. Seshagiri Iver. There was a large gathering, including Professor Kale from Poona, Mr. Vikramarathna, Secretary, Board of Revenue, Ceylon, and Dr. Gilbert Slater.

Before the Conference resumed, a meeting of the Madras Provincial Co-operative Union, Ltd., was held, and the following office-bearers were elected:—President, Rao Bahadur K. B. Ramanadhan; Vice-President, Mr. C. N. Krishnaswami Iyer; Secretaries—Mr. V. Venkatasubbiah and Mr. K. Parthasarathy Iyengar. A strong and representative Committee of thirty members was also elected.

The Conference resumed the reading of the progress reports of the following Co-operative Credit Societies by their respective Societies:—Salem Municipal Employees Society, Kilacheri Union, Kumbakonam Municipal Employees Society and Kambilanpatty Purchase and Sale Society. In connection with the first report presented the Chairman remarked that a Co-operative Credit Society for peons employed in the High Court of Madras was formed to enable the members to avoid falling a prey to the money-lenders. Before the inception of the Society the peons borrowed money at such exorbitant rate of interest as 175 per cent. but they had ceased to go to the Marwaries and were greatly benefitted by the Society. The peons deserved more sympathy at their hands.

# THE ROYAL PROCLAMATION.

The following resolutions were moved from the chair:—
The co-operators of this Presidency, in meeting assembled, beg to tender their humble and most grateful thanks to His Majesty the King-Emperor for His Gracious Proclamation that has

accompanied the Royal assent to the Reform Act, and trust that the co-operative movement in India will be materially strengthened in its onward march by the Proclamation and the Act. The Conference has heard with great pleasure the gracious announcement of our Sovereign to depute the Heir-apparent to visit India in the near future to inaugurate the Legislative assemblies to be constituted under the Reform Act and offers its loyal welcome to H. R. H. the Prince of Wales.

This Conference places on record its deep sense of sorrow for the death of Sir V. C. Desikachariar, whose services in building up the co-operative finances of this Presidency will be long and gratefully remembered.

The resolutions were carried unanimously.

## OTHER RESOLUTIONS.

The following were the other resolutions adopted:—

With a view to make the co-operative movement a thorough success, this Conference invites the co-operation of women, and recommends, among other measures, the starting of credit societies exclusively for them wherever possible and enlist the sympathy of Ladies, Clubs on this behalf.

This Conference requests the Government to make cheap money available at the outset for the co-operative building societies intended for the poorer classes and also to make subsidies for meeting management expenses of such societies and requests local boards and municipalities to give encouragement to co-operative housing societies.

Having regard to the urgent need for training non-official cooperative workers, this Conference requests all societies, primary and central, to regularly contribute as far as possible from their net profits, and requests the Provincial Co-operative Union to prepare suitable syllabuses and engage qualified persons for the purpose; and also requests the Government to make liberal grantsin-aid for the purpose.

With a view to make supervision by Unions more efficient, this Conference recommends the grant, provisionally, of a subsidy from Government where there are no central banks or local unions and

also where such banks or unions are unable to find funds to help them.

In the interests of borrowing societies and with a view to facilitate the taking of loans by them, especially in the case of short term loans, this Conference recommends that central banks be content, in such cases, to take unregistered bonds, wherever local unions recommend such a course.

That distributive co-operation may progress more quickly, this Conference recommends the adoption of the concessions shown in this behalf by the Government of Bombay.

This Conference recommends the formation of students' Cooperative Societies in schools and colleges, so as to popularise the movement among the rising generation and that they be authorised to sell to non-members, who shall be entitled to participate in the profits.

This Conference requests the Registrar to take steps for forming a Co-operative Wholesale and Commission Agency at Madras for the service of distributive societies in the districts.

This Conference recommends that a Committee be appointed to investigate the feasibility of organising a Co-operative Life Insurance Society or societies in this Presidency.

This Conference regrets very much that the Government of India have modified their notification in respect of exemptions from stamp duty and insist on the use of stamps by members, as well as non-members, in regard to current account and request the department to address the Government on the subject and restore the concession granted to members till now.

This Conference welcomes the recommendations of the Industrial Commission and resolves to take steps to educate the people to the necessity of being prepared on co-operative lines to develop the industries and commerce of the Presidency.

This Conference strongly urges the Registrar to address the Government and get rule g(b) altered so as to allow all limited liability societies freedom to spend the net profits after the statutory obligations are net, *i.e.*, after the necessary allocations are made in respect of reserve fund, dividend, honoraria and the like, as per by-laws—each in its own interest, as its general body may from

time to time decide, so long as the Act or the rules are not violated; provided the Registrar has a vote in the last resort.

This Conference resolves that in the case of urban areas it be a recommendation to stores where they exist that they attach dispensaries, where medical help will be available to members and medicines sold to them; and that, in the case of rural areas, the best managed unions try to attach dispensaries similarly and meet the cost from the common fund of affiliated societies and special subscriptions, in case of need.

This Conference is of opinion that central banks established under the Co-operative Act are, from every point of view, suitable for the investment of Trust Funds and requests the Registrar to move, through the proper channel, the High-Court of Judicature at Madras to frame rules under Section 20, Clause (f) of India Act II of 1832, to permit such investments, as the security offered is based on the unlimited liability of rural societies and as the rule proposed will attract and bring into use new capital, now lying unproductive.

This Conference recommends that as in the case of revenue money orders, co-operative societies may be permitted to remit amounts, including fractions of annas.

## NOTABLE UTTERANCES

## 1. Co-operation and the Reforms.

SPEECH BY THE HON'BLE MR. W. MAUDE.

The Hon. Mr. W. Maude, member of the Bihar and Orissa Executive Council, speaking at a meeting held on December 19 at the Bihar Young Men's Institute, Bankipore, in connection with the second sessions of the Bihar and Orissa Co-operative Federation, said:

"I do not propose on the present occasion to launch out into a general thesis on the subject of the aims, methods and benefits of the co-operative movement and its system. I shall be content here to suggest one or two rather obvious aspects of co-operation in connection with the new era which is now dawning on this Province in common with the other provinces of the Indian Empire. We are now on the eve of great political reforms and it must be apparent to all public men that much of the value of these reforms will be lost unless more money is forthcoming in the country with which to carry out the many schemes which will doubtless arise as a consequence of those reforms. But you cannot increase money except by increasing the wealth or, in other words, the productive power of the country. Now, in this country the chief articles of production have been and for a long time to come will be agricultural; and what is the condition of agricultural production in this province? If you consider for one moment you will see that agricultural production is hopelessly retarded by the artificial check which it receives in the shape of an almost complete lack of reasonable credit facilities. In no progressive country in the world is the rate of interest charged on loans so ludicrously high. The result is that the agriculturists, who for the most part form a far from wealthy class, are unable to employ improved methods of cultivation, such as the use of improved seed, manure, and better implements, or to carry out those necessary works of land improvement which alone can help them to increase their produce or, to use a much quoted expression, to grow two blades of grass where only one grew before. This, gentlemen, is undoubtedly one of the greatest afflictions from which India is suffering,—the want of proper banking facilities. For all production, whether agricultural or industrial, you want credit, and if India is to progress at all, you must set about creating credit facilities".

## INCREASED RESOURCES.

It may seem to you at first sight that all this has nothing to do with the reform and new era to which I have referred, but I think there is a very

strong connection between the two subjects and the connecting link is this. If the reforms are to be of any practical use, they will unquestionably foster demands for better education, better sanitation, and numberless other improvements in the conditions of life of the people generally, but you cannot have these things without increased taxation and you cannot have increased taxation unless you first eanable people to increase and multiply their incomes which are at present very much less than they need be and should be. I am of course referring here especially to the agriculturist, who in India is the man who really counts. If the reform of constitutions is to be followed, as it must be if it is to be anything but a mere sham by the reform of the conditions of life and society, there must be an enormous assets, or, in other words, development of the taxable production of the Province. The most important form of production is the agricultural production; therefore the incomes of the agricultural producers must be increased. Thus it is evident that one of the most important problems if not the most important problem, which all public men in this country have to face and to face without any delay, is the problem of how to increase the productive power of the agricultural classes. Happily the question does not involve any metaphysical flights such as confronted Pilate when he was asked "What is truth?" It is a practical problem which is being solved as each day goes by in one very practical way before your very eyes if you take the trouble to open them, and that solution is co-operative credit. Therefore it seems clear to me, and I am confident that it will seem equally clear to you, that it is now high time that all public men should take up the study of co-operation both carnestly and seriously. In Bombay there is the Bombay Co-operative Institute in which all the most prominent men in Bombay are live members. In Bengal you have the Bengal Cooperative Organization Society in which prominent industrialists and public men have joined enthusiastically. How long is Bihar going to lag behind in the active interest which its leaders take in this all-important movement?

#### TRAINING ELECTORATES.

But there is another aspect of co-operation in connection with this new era of reform which ought to appeal to public men. You will very soon have in this country a wide electorate who will have to exercise the privilege of political franchise, and on whose intelligent exercise of that privilege the further extension of political power must to a great extent deepend, as recently indicated by the Secretary of State in a recent debate in Parliament. Now, there can be no question that if the vote is to be intelligently exercised by the masses who are at present totally ignorant of the meaning of political franchise, those masses must be subjected as soon as possible to some kind of training. They must be taught to think and discuss about those things which affect their well-being and for this purpose I can imagine no better-

school than co-operative societies where members have to meet and discuss their own economic conditions and those external factors which affect them so vitally and sometimes so prejudicially. Two years ago, I think, when presiding at a former co-operative conference, His Honour the Lieutenant-Governor pointed out that members of co-operative societies are likely to exercise the vote much more intelligently than those who are not members. The proposition is self-evident and this being so, it is also self-evident that public men both in this province and elsewhere must apply themselves seriously to the task of providing many more of these invaluable schools for political education than we have in existence at present. These village republics—the co-operative societies—must be multiplied a great many times before we have in the country an adequate number of them to cope with the new task of training the future electorate.

2. Extracts from the Presidential, Address of the Hon'ble Mr. Justice Seshagiri Iver at the Madras Provincial, Co-operative Conference.

The President delivered his address, from which we extract the following:—

I need hardly tell you that "capitalising honesty" is the root principle of co-operation. No doubt cheap money, for those who can point to tangible securities, is an acknowledged mode of operation; but reliance on good conduct, thrift and unexceptionable character is equally essential to co-operate credit. I would impress upon co-operators the fact that in countries where co-operation has been financially successful, operations were more largely based upon personal credit and probity than on the possession of worldly goods. There may be some loss in embarking upon this kind of loaning; but every experiment, political, social or co-operative must take risks. The child that never tumbled down can only stand upon wooden legs; success is only for those who are venturesome, not rashly, but honestly, and with an eye to the main principles. The result will be a feeling of supreme pleasure as having helped merit and honesty to stand on its own legs. It is this reason that I ask you to admit into your ranks, in larger numbers than before, the classes I have referred to, and to assist them to lead better lives.

The mirasdars of this Presidency are justly apprehensive of the evil results following on the unrestricted emigration of coolies to foreign parts. I pointed out on another occasion that by giving them wages all through the year, such emigration can, to some extent, be checked. A surer means of ensuring their continuance in the country of their birth will be to make them members of these agricultural credit societies, to enable them to lead sober and self-respecting lives, and on the strength of their character, to loan them enough money which would wean them from the clutches of the money-lenders. The Madras Social Service League has done something to assist people of this class by starting co-operative societies among them, in some

cases, persons belonging to the depressed classes have been enabled to acquire homesteads for themselves and to provide themselves and their children with better food, better lodging and better clothing; above all, our work has had the effect of preventing them from falling into evil ways. One of the most notable instances of this piece of humane work is the Leather Goods Factory at Chuklerpaliam, which owes its present position solely to the untiring industry, patience and perseverance of Mr. Venkatasubbiah.

I find, from information received from Mr. Hemingway, that about 2,972 Panchamas joined these societies during the last year. I wish the number had been tenfold greater. That no one community obtained a preponderance of representation in this class of societies is clear from the following figures. There were about 20,000 Brahmins against 120,000 non-Brahmins, 10,000 Christians, 10,000 Mahomedans and 10,000 Panchamas.

As regards societies for purchase, sale and production, there has been recently very great improvement. At the beginning of the year there were 17 agricultural and 38 non-agricultural societies of this class. At the end of the year the figures rose to 31 and 89 respectively; that is, the societies have more than doubled themselves. Mr. Hemingway's great enthusiasm, the high prices and scarcity of foodstuffs are mainly, responsible for this increase. Great as has been the work already done by them, a greater field awaits them. What they should aim at is, I think, better production based on a scientific exploitation of the soil. To eliminate the middleman is not sufficient. The consumer wants to be protected from purchasing adulterated stuff. The small producer should have expert advice and healthy co-operation. The aim must be to improve and increase production and to give the purchaser good and reliable stuff. I am sure these ideals animate the societies.

One form of co-operative activity does not appear to have appealed much to the Madras co-operator. I refer to Co-operative Building Societies. There are not more than a dozen societies of this kind in the whole of this Presidency.

In the case of the higher classes a subject not quite germane to my topic, I do not think they have any claim upon the Government. They ought to be able to find money themselves and ought to be able to build houses on co-operative basis. The example of Mysore has always been quoted, and I myself referred to it in my paper on this subject some time ago. Beyond asking them to acquire sites, with a view to extend the city and relieve congestion, I do not think a call upon the Government should be made by the higher classes for assistance. Their duty to combine together and to loan to each other for the purpose of erecting sanitary buildings must depend upon their sense of fellow-feeling and of comradeship. I hope it may not be long before societies for the richer classes and for the middle classes spring up in large numbers in cities, town and villages.

If you examine what the present controlling thought in the world of

politics, of social reform and of religion is you will feel no difficulty in understanding that the changed world is looking more and more to the ethics of co-operation for the betterment of the conditions of the people. What is the principle underlying the League of Nations? It is co-operation, in which movement, you see its true principles at work. The principal nations are banding themselves together for their own protection.

What I particularly ask of co-operators is to extend their sympathy to the communities which are generally known as the "depressed classes." Co-operation for production, for consumption and for selling is necessary for peaceful life; but it should be so worked as to enable co-operators to extend a helping hand to communities which are not as well situated in life as themselves. The most urgent need at this moment is better housing all round and more especially for the working classes. The development of society is impossible. unless there is a correlation between the various communities that form a nation. It is not by the comforts, conveniences and the sanitary surroundings of a few well-to-do people that the progress of a nation can be gauged. Where you have riches, bounty and comfort on one side, squalor, disease and dirt on the other, the least wide-awake citizen must realise that the one set of conditions must react upon the other. Where do we get our disease from? Its birth-place is in our own neighbourhood. spreads from there to our well-equipped and well-planned habitations. servant we employ lives in quarters from which he brings to our house the bacilli which the doctors so learnedly speak about. The children in our homes, whom he fondles, the water that he brings, the milk that he carries with him to our house, the vegetables that he purchases for us, are brought from surroundings as unhealthy as they can well be. Therefore, if we really care for our own comfort and want immunity from pestilence and disease, it is our duty to see that the poorer classes are better housed.

Before practical shape is given to the recommendations of the Industrial Commission, I want co-operators to take a lead in this matter of awakening public conscience, of asking rich men in their locality to put their assets together so that they may be prepared to avail themselves of the subsidies which the Government may give to undertakings relating to industry and commerce. For this purpose at any rate, the co-operator should awaken a sense of responsibility in our female population, Education has done something to make them appreciate the true value of sanitation and of hygiene in general, but they have not been able to shake off the accumulated habits of ages, of demanding a plentiful supply of jewels to adorn themselves. In this Presidency at any rate, the lack of capital for starting industries is largely due to the absorption of money in the purchase of trinkets. If women can be real helpmates in the revival of the industrial era, a great deal can be done for Madras. One branch of work which may be undertaken by co-operators is to approach and enlist the services of capable and educated women for the purpose of teaching their idle rich sisters the folly of adorning themselves

with so many jewels, when the country stands in need of capital which would enable it to advance rapidly on the road to industrial development. If necessary, women may form co-operative societies themselves with the capital which they themselves can subscribe by the sale of their jewels, provided they would allow the mere man to help them to engineer the enterprise. Co-operators have a good field before them in this task of educating women.

I would also suggest that a spirit of real co-operation should animate our young boys and girls in schools. At present although there is comradeship among the students in schools and colleges, there is not that real affinity between them which would enable them to work their future life in a spirit of co-operation and trust. The value of co-operation should be taught in schools and colleges.

The ideas of democracy, which are rushing on with ill disciplined momentum should receive the attention of the co-operator. You cannot keep it back; if you do, it will break all barriers, spread over fair regions as well as foul, and in its onward rush submerge, not only what should be drained off, but also all that is good, pretty, and pleasant to look upon. This lesson is forced upon us by what is happening in Russia and other parts of Europe. By the providence of God, we have been privileged to look on whilst others have been suffering. By meeting half way the onward current, fraternising with it, coaxing it to flow into wholesome channels, showing it a spirit of welcome and love, you will rob it of its pent up feeling of hatred towards you, make it feel that it is not necessary to annihilate you for achieving its own betterment, but that by working with you, taking your counsel and accepting your comradeship, its course can be straightened to the advantage of itself and yourself. If this conception of duties is not realised, instead of co-operation, revolution, with all its horrors and its grim realities, will stalk the land.

# **EXTRACTS AND SELECTIONS**

# 1. Co-operation in Madras.

The Madras Government are not entirely satisfied with the progress that has been made by the co-operative movement in this Presidency. It was started, they point out, as long ago as 1904, but the number of villages affected by the societies bear but an infinitesimal proportion to the total number of villages, and there is thus a vast field for expansion. Many tracts have been left untouched or only partially developed, and while this is due in part to geographical reasons, the lack of propagandist work is also largely responsible. Accordingly, the department is to initiate a campaign of special activity this year, for Government have no intention that the benefits of cooperation shall be confined to the favoured few. The departmental staff is to be increased, and other measures taken to ensure a considerable increase in the rate of the spread of the movement. This staff is on a temporary basis, so that it can be gradually replaced by non-official agency as the latter becomes available, and the Government trust that "non-official gentlemen will come forward in still larger numbers in future, to work steadily in the execution of duties which now fall on the Government staff." This association of non-officials with the work of the department is an experiment which has been inaugurated during the past year. It consists of appointing gentlemen with local influence as Honorary Assistant Registrars, and we learn from Mr. Hemingway's recently issued annual report that up to the end of June last four such appointments had been made. Beyond an acknowledgment by Government of the "keenness and public spirit" of these honorary officers in fostering the movement, we find very little said about them in the report; we wish their sphere of activity had been more fully dealt with, for their appointment was, apparently, the only novelty in the work of the department during the year.

The Hon'ble Mr. T. V. Seshagiri Iyer, in his presidential address at the recent Co-operative Conference, bespoke the good offices of all true co-operators on behalf of the poor and depressed classes. That this appeal was timely is borne out by Mr. Hemingway in his report. The Registrar shows that, out of a total of 127,253 agriculturists who are also co-operators, only 4,111 are field labourers, figures which suggest that the landownings classes have been on the whole extremely reluctant to admit the poorer men of the village to their societies. Certain reservations may be made in this connection, but, taking every thing into account, it is, the Registrar fears, only too true that societies are not serving the poorer men of the community. The Hon'ble Mr. Seshagiri Iyer was right again when he suggested that the reason for the present state of things was the feeling general among co-operative society

officials that it was difficult and dangerous to lend money to a man with little or no tangible property. Mr. Hemingway has noted the same spirit and has, apparently, done his best to combat it. The true value of the movement can never be realised until this attitude of its rustic disciples is modified, and here there is an excellent opening for those honorary workers whom Government is appointing. No official persuasion or pressure is likely to remove this barrier to progress, but men with local influence can do a great deal to modify it, and to show that the essence of co-operative lending is, as the Registrar aptly puts it, that it should be based largely upon character and not wholly upon tangible security, and that if societies decline to admit poorer members or to give them money, they fall far below the co-operative ideal.

Another matter upon which we would have been glad to have had more information is in reference to the reconstitution of the Provincial Bank into a "Federation." Government regret that this process is being carried out very slowly, and the only allusion made to the conversion in the annual report is to the effect that some advance has been made towards the end in view. Conference of all the Central Banks in the Presidency was held several months ago to consider the lines on which the reconstitution should proceed, and subsequently certain changes were proposed in the constitution of the Provincial Bank, which have been communicated to and, with slight alterations, accepted by all the Central Banks as well as the Provincial institution. Consequential amendments of the Provincial Bank by-laws are, so far as we are informed, yet under consideration. These are the only points of outstanding interest in the work of the Madras co-operative year. Progress has been sufficiently maintained to prove that there is genuine life in the movement, and if the adherence to stereotyped practice has been a trifle rigid, there are such vast fields yet uncovered by the most elementary forms of co-operation that it may very well be accepted that their claims should have the department's attention first and in preference to all others.

The proceedings of the recent Conference in Madras are interesting as reflecting the trend of co-operative thought in the Presidency, and the address of the Hon'ble Mr. Seshagiri Iyer, was refreshing in its breadth of view and inspiring in its suggestion of avenues for future work. The proposal to enlist the active support of women and for the establishment of societies specially for them is one which to us is quite novel and some of its aspects present attractive possibilities. Women could, undoubtedly, do much for any popular movement which could secure their sympathy, but we foresee difficulties in the way of women's societies, for co-operation demands of its votaries certain qualities, none of which appeal with special force to the feminine mind. Mr. Seshagiri Iyer said in regard to co-operation and the Industrial Commission report ought to receive immediate and close attention. The community in Madras is not wealthy, as it is in Calcutta and Bombay, and is, therefore, less capable of taking the fullest advantage of the opportunities which will be given by the new industrial policy of the Government. But

co-operation can be made to take the place of individual wealth, and in this direction only lies the chance of the Madras trading classes to keep step with their richer brothers of the sister Presidencies. Taken as a whole, the proceedings of the Conference showed a growing independence and freedom from prejudice on the part of local co-operators, and, if there is still a tendency to ask for Government aid, especially in financial matters, that tendency is far less evident than it was in the past. There is no doubt that the chief difficulty in the way of starting such societies as are intended to benefit the poorer classes is money for the earlier stages of the work, and in such circumstances an appeal for assistance is perhaps justified.

## 2. Progress of Co-operation in India.

An official report, which has lately been published, shows that the co-operative credit movement made good progress in the year 1917-18 though an enormous field still remains to be covered. The number of Central Banks including Provincial and Central Banks and Banking Unions rose during the year, from 264 to 282, the membership of these institutions increasing in the same period from 76,475 to 91,494 and their working capital from Rs. 485 lakhs to Rs. 580 lakhs. The net profit resulting from the operations of these banks was, in round figures Rs. 111/2 lakhs during the year, the agricultural primary societies increased in number from 20,990 to 23,742 and the nonagricultural societies from 1,237 to 1,450. At the close of the year the agricultural societies comprised 851,407 members with a capital of Rs. 689 lakhs and the non-agricultural societies 203,837 members with a capital of Rs. 171 lakhs. The aggregate profits of the primary societies reached Rs. 35½ lakhs. A table is presented showing the number of societies per hundred thousand inhabitants in the various provinces. Ajmer is easily first with 73.2 Burma coming next with 29 and the Central Provinces third with 26.6. The Punjab follows with 20.6 and then come Coorg with 18, Bombay with 9, Bengal with 8.2, Madras with 6.6, the United Provinces with 6.5 and Bihar and Orissa with 5.

# 3. Co-operation in Bombay Presidency.

A Bombay Government resolution reviewing the work of the Registrar of Co-operative Societies for the year 1918, points out that the failure of the monsoon in 1918 severely tried the resisting capacity of agriculturists, who form the bulk of the members of the co-operative societies. The working of these societies shows that agricultural co-operation has achieved a high degree of protection against the vicissitudes of the season, and lends further support to the views of the Government, formed as a result of the famine relief operations, that the people of Bombay Presidency have developed staying power of unexpected strength, which was evidenced in the loyalty of depositors to their societies as indicated by the comparatively small amount of withdrawals.

In Bombay there is one agricultural society for 12,293 of the population and the average membership is 71 per society, while Madras and the Punjab have only 59 and 32 respectively. The average capital per society is also greatest in Bombay. Amongst the millhands of Bombay good work is being done mainly through the agency of the Debt Redemption Committee and Social Service League.

## 4. Prizes for Co-operation.

The Yuvaraj of Mysore has always shown a keen interest in the work of the Co-operative Societies, and recently he instituted a system of prizes to serve as an incentive to good work in the Co-operative Field. There are ten prizes in all, one for the best Industrial Co-operative Society, one for the best Agricultural Co-operative Society, and the remaining eight for the best Credit Co-operative Society in each of the eight districts. The principle on which the award will be made will be: the extent to which the objects of the Society are realised, membership, capital, financial stability, regularity of meetings, administrative ability, activities of a public character, such as education, sanitation, village improvement, frequency of transactions, utilisation and payment of loans, accuracy and simplicity of accounts, nature and value of honorary work, extent to which the condition of the members has been improved. Doubtless these are most valuable points, but we should not like the task of valuing the work of the various Societies under these heads.—Madras Times.

## 5. Co-operative Societies in Burma.

A resolution on the working of the Co-operative Societies Act shows an increase of 306 Agricultural Societies with an increased membership of 500 over 1917-18. The working capital has increased by Rs. 16 lakhs. Non-agricultural societies have increased from 85 to 123 and the membership from 8,699 to 13,536, the working capital having increased from Rs. 11 lakhs to over Rs. 14 lakhs. The extension is largely the work of the Societies themselves, owing little to official propaganda, and has its roots in the agricultural and artisan classes themselves. Two new central banks have been registered at Moulmein and Prome, and a third is under consideration at Shiwbo. Besides the educative value of the banks, the deposits show increases, and the savings bank side is becoming popular, promising signs of a growing sense of the proper value of money and the advantages of thrift.

Some Societies formed for financing industries on capitalistic rather than co-operative lines are doing useful spade work for the Department of Industries shortly to be established. Among the Agricultural Societies are some for the sale of jaggery. Cattle insurance Societies showed a drop in membership, owing to the rate of premium being considered unduly high at 5 per cent. which subject is being reconsidered in view of the necessity for

a sufficiency of trained accountants. The Lieutenant-Governor suggests that the Director of Public Instruction and the Collector of Income-Tax be consulted regarding the special classes to be held by the Education Department for training in Accountancy, as, if a start be made, new openings might be created for a limited number of young men. The absence of Burmese professional accountants is stated as a handicap to Burmese traders competing with European and Indian firms.

# REVIEWS AND ACKNOWLEDGMENTS

In the December number of the Bombay Co-aperative Quartely Mr. Wolff contributes a plea for the progress of the small industries of India. deficiencies are pointed out in the present organisation of such industries. It is shown that while the Japanese small Industries produce article of general utility our Industries manufacture mainly knicknackery and therefore are not found to sell satisfactorily. Further the marketing organisation serving such industries is deficient and Mr. Wolff wants to appeal to public spirited people prepared to charge themselves with the risk of the goods not finding purchaser. It is also suggested that public spirited Anglo Indians in the United Kingdom should come forward to join in the venture. In the same number Mr. John Kenny suggests that the Marwadi with his financial talents should be induced to join in the work of co-operation. Under present arrangements, a large staff is required by the Central Banks and the assistance of many volunteers With sowcars on the board of the central bank, little supervision or assistance would be necessary. Knowing their work, they would manage it best themselves. The duty of the Registrar could be restricted to seeing that the books are properly kept, and that the interest never exceeds the sum laid down as a maximum by the Local Government. Here we should have expert management, instead of the risks attendant on well meaning and often ill-directed enthusiasm. Confidence would be followed by deposits, and legitimate banking would take the place of usury. Much propaganda work is not needed with the peasant. It is with the sowcar that this work must be done. Mr. Darling writes in the same number of "Ten Years of Co-operation in the Punjab", he shows that the notion that co-operation has not materially reduced the burden of indebtedness in India is a mistaken one. Statistics indicate that in the Punjab the debt has been reduced by a half and the capital resources have been increased by Rs. 300 per member. This is no mean achievement for ten years of co-operation.

The November number of the Madras Bulletin of Co-operation also contains a number of excellent article Mr. Hemingway writes a capital article on "Joint Sale and Purchase". He shows that if the villagers can only get into touch with the great exporting merchants and if our trading unions could supply in large consignments of good quality free from adulteration all the articles required by those merchants they would obtain remunerative prices. The views of Mr. Hemingway are the more valuable as he took the first steps for encouraging the people of the Madras Presidency

to organise co-operative stores in various parts of the Madras Presidency. Mr. Srinivasa Aiyengar contributes his study of Co-operative District Banks and suggests means by which the unnecessary locking up of money in Co-operative District Banks as fluid resources and the over-capitalisation of such banks to provide the required share-capital for their borrowings could be avoided. In the same number Mr. Wolff writes about the small industries of India on the same lines as in the Bombay Co-operative Quarterly.

The International Co-operative Bulletin contains an article of importance by Professor V. Totomianz on the consequences of War and Revolution and the future of Europe. He shows that in Russia Co-operators are at present the sole representatives of the people. They are an economic power only, but it is thanks to them that Russia is still kept going. Mr. Jirasek writes on the Co-operative Movement in the Czecho-Slovac Republic. The socialisation of great industrial enterprises will give the co-operative societies new tasks to which, it is hoped, they will prove equal. The Czecho-Slovac co-operative movement is organised on a solid basis, and it is directed by socialist methods and spirit. It has a great future before it.

We beg to acknowledge with thanks the receipt of the Mysore Economic Journal and the Modern Review.

The Sambay Bijnan by Babu Lalit Kumar Sen contains much useful information. It is divided into three chapters. The first, the introductory chapter, begins with a description of thee struggle capital and labour, and attempts to establish that the conflicting claims of these two forces can be reconciled only through co-operation. It shows that co-operation leads to a world of brotherly love and mutual help where every one is the protector and the assister of his neighbour. shows the distinction between a Joint Stock Bank and a Co-operative Bank and that between Limited and Unlimited Liability. It explains the constitution of primary and central societies. It criticises Sir D. Wacha's Article in the Indian Journal of Economics, in which the writer attacked the co-operative movement in India and opined that Agricultural Banks like those in Egypt were the panacea for all the economical evils which the Indian peasantry are subject to. Mr. Coyaji's able Article in the Bengal Co-operative Journal in reply to Sir Dinshaw Wacha has been put under requisition to meet the latter's arguments.

The second chapter deals with the history of Co-operation in Europe. It describes the origin of Co-operative Banks in Germany and explains the systems of Schultze Delitzsch and Raiffeisen and points out the distinction between the two systems. It also describes the system of M. Luzzatti and describes the remarkable success achieved by the Raiffeisen system in Germany and the Luzzatti system in Italy.

The last chapter deals with the co-operative movement in India. It gives a history of legislation on the subject and explains the position of Govern-

ment in regard to the movement. It gives a summary of the provisions of the Act of 1904 and the circumstances which necessitated the passing of the amended Act of 1912. It contains tables showing the different kinds of societies in the various provinces of India and the amounts deposited therein by their members, and briefly describes some forms of non-credit societies.

The book will be useful to persons possessing a fair amount of education. The style in which it is written, admits however of considerable improvement. One rises from a study of the book with the impression that it is a translation of various articles written in English. The writer has taken pains to concentrate much useful information within a small space, at the risk of making it unintelligible to members of village societies. But for the rather forbidding character of his style he would have supplied a want which has long been felt of a book in the vernacular dealing with the subject it deals with.

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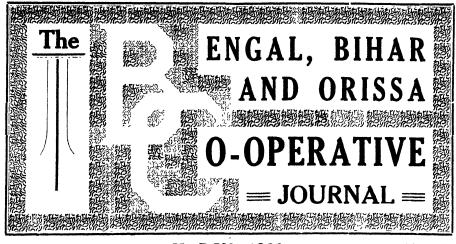
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# NOTES AND NEWS

The discussions of the Bombay Provincial Conference on the subject of Central Banks in particular and of Co-operative Finance in general deserve to attract the serious attention of all students of Co-operation in India. It is a sign of the healthy condition of our co-operative system that our co-operators can criticise their own methods so boldly. At a time when proposals are being put forward to add largely to the functions of Central Banks it is most essential to learn how far these banks have achieved success in the financial work for which they were primarily instituted. Our readers might be assured that the District Banks of the Bombay Presidency are as good as any to be found elsewhere in India and that in the matter of the zeal and efficiency of honorary workers Bombay has made a most creditable record. In spite of these admitted merits we hear on high authority that "the newer type of district banks has, during the last four or five years, brought less than eight lakhs of money into the movement, and how inadequate their supply of local capital is will be evident from the fact mentioned in the report that in districts served by two of the banks, if not in others, even isolated primary societies had to deal direct with the Provincial Bank, while practically all districts societies under guaranteeing unions were not financed by local

banks." In a word the District Banks have imperfectly performed their main task of tapping the local resources. regards the supervision and guidance of the primary societies by the Central Banks, things are little better. Only the older type of Central Banks think it worth while to maintain an establishment which would keep them in touch with the affiliated societies and help them to ascertain the needs and conditions of these latter or to help them to provide helpful guidance for them. On Bombay side, consequently, many experts in co-operation are inclining to the view that the task of supervising primary societies is most properly to be entrusted not to the Central Banks but either to Councils of Supervision or to the Taluka Banks. Such Councils of Supervision would be formed of representatives both of Central Banks and of the primary societies and they might also contain with advantage representatives of the Co-operative Institute and of the Department of Co-operation. In the alternative, local banks might be started in Taluka centres, of which the proximity to the village societies will facilitate the task of supervision; at the same time the starting of such banks is expected to further the intensive development of the Co-operative Movement. recommendations of the Bombay Conference deserve careful attention here, though in the case of Bengal the work of tapping local resources is being satisfactorily performed, and, as the last report says, greater expenditure is being undertaken on supervisional and educational work among the primary societies by the Central Banks.

Early in the History of the Co-operative Movement in India, the Presidency of Madras distinguished itself by the organisation of some excellent stores. At present new ground is being broken in the progress of Co-operative Sale and Purchase and Mr. Hemingway is proceeding to develop such sale and purchase in a more excellent way. He points out, in a very suggestive circular, that there are certain drawbacks to the undoubted utility of ordinary stores. Such stores require, besides expert managers skilled in the mysteries of sale and purchase, a consider-

able and costly establishment. He adds that "with few exceptions our co-operative stores have not been a conspicuous success and some have failed disastrously and it is only too clear that if such has been the experience in our towns, it is useless to expect that co-operative shops of this description will be successful in villages." In a word Mr. Hemingway has tried to avoid the difficulties and wastes of co-operative stores and to adopt the practice of sale and purchase to the conditions of our rural population. He borrows a leaf from the practice of rural co-operators in Germany and Ireland. By a system of indents the requirements of members of Co-operative Societies in the matter of the purchase of different articles were ascertained and the articles desired were ordered from wholesale suppliers by the societies. In many cases the societies act only as agents—the price being paid in cash by the purchasing members or short term loans are advanced by the societies to finance the purchasers. But in other cases more effective machinery was employed for the work and societies joined "Trading Unions" organised with share capital which undertook the work of purchase and sale. Such unions can naturally afford to keep a better establishment and can command better management than primary societies would be able to; and Mr. Hemingway believes, on very good grounds, that it is through such trading unions that success is more likely to be About a year ago a conference was held of the representatives of store societies, at which it was resolved that such societies would do well to convert themselves into trading unions. membership of these unions was to be composed of individual shareholders residing in their jurisdiction as well as of the primary societies affiliated to them. A wholesale society was also to be formed to which the stores and trading unions were to be affiliated and the Triplicane Store undertook to act as the wholesale Some of the store societies have converted their stores into trading unions. Thus, suitable organs have been developed for the functions of Co-operation in sale and purchase. matter of finance the primary society is affiliated through the District Bank to the Provincial Bank; as to supervision, primary society is under the supervising union which is, in its turn, supervised by the Co-operative Union. Finally, as regards sale

and purchase the primary society enjoys the services of the trading union which is itself under the wholesale store.

The recent Bombay Provincial Conference has also formed a scheme for the formation of a Co-operative Wholesale Store with a share capital of a lakh of rupees. The Conference has also suggested the appointment of a special Assistant Registrar for assisting in the organization of stores and supply agencies and for supervising their work, while it has also been suggested that Government should help in the work of co-operative sale and purchase by contributing towards the cost of maintaining an information bureau until the wholesale society has successfully organized itself.

The need of special trading unions of the kind now being introduced in Madras is proved by abundant co-operative In Germany, Raiffeisen formed in 1881 a trading society-"Raiffeisen and Co."-for collective purchases and sales of agricultural produce. That society was dissolved in 1800 and its business was transferred to the Agricultural Central Bank. results of this union of banking and trade were discouraging and since 1909 the business of dealing in goods in most districts has been entrusted to district provincial trading societies corresponding to our "trading unions." Similarly in Warttemburg, the system of sale and purchase through the consolidated Rural Co-operative Association proved a failure and was discontinued in 1888. On this matter the experience of Germany has been admirably summed up by Mr. Wolff in his latest book: begin with under temptation they made the mistake of bracketing dealings in goods with banking. Trading, as the immense capital amassed by the two great wholesale societies of England and Scotland sufficiently demonstrates, yields ample profits. The trading would permit the Central Bank to render its services all the more cheaply. All the same, this was a huge mistake. What mainly damaged the Raiffeisen Central Bank was its stepping outside its own province—with thoroughly good 'co-operative intentions.' It is a warning to all Central Banks which desire to step beyond their proper financial functions."

From the Annual Report of the District Agricultural Association, Birbhum, and its Branch Associations for 1919-20 it appears that in the year 1918-19 the total number of Branch Associations established in the district was 30. In response, however, to a steadily growing demand for more Associations on a smaller territorial basis, there has been a steady growth during the year under report in the number of Branch Agricultural Associations with the result that the Branch Agricultural Associations in the District number 87 at the end of the year under report. The most important activities of these Branch Agricultural Associations are the purchase of seeds, manures and implements, and the re-excavation of irrigation tanks.

It has always appeared to us that these Branch Agricultural Associations afford a common meeting ground for the Department of Agriculture and Co-operation and we repeat that systematic efforts should be made to convert these Associations into Co-operative Societies on the Burma model. The re-organization of these Associations on Co-operative lines will enable them to achieve the maximum results, because they will then be able to draw upon the experience and resources of the two great Departments of Agriculture and Co-operation.

The Pabna Central Bank has about 300 Societies affiliated to it: the last Annual Report shows that attempts are being made to decentralise it and to pay more attention to the development of non-credit co-operative societies. This is as it should be; but we hope that existing credit societies will be improved and that the 53 societies in classes D and E will pass into the higher classes. We note with pleasure that the *musti chaul* system of deposit is being followed with success, that night schools are being established and that the local rates of interest are being reduced.

Mr. J. T. Donovan, I.C.S., Registrar Co-operative Societies, Bengal, is allowed leave for seven months and nine days. Mr.

M. Thorp, I.C.S., Deputy Registrar, Co-operative Societies, has been appointed to act as Registrar, Co-operative Societies, Bengal, during the absence on leave of Mr. Donovan.

We are glad to find that the Hon'ble Maharaja Sir Manindra Chandra Nandi Bahadur of Cossimbazar has been unanimously elected to be the President of the Bengal Co-operative Organization Society for the current year. We extend to him a cordial and respectful welcome and we hope that, during his term, the Society will be able to attract to itself a large number of zemindar patrons and members. The self-interest of the zemindars should prompt them to throw themselves heart and soul into a movement which aims at bettering the condition of their tenants; higher patriotism should also lead them to help a movement which, by common consent, is the great lever of real national progress.

The Store Movement is gradually gaining strength in Bengal. Profiteering can only be successfully fought by strong combinations of consumers; the inauguration of co-operative stores is but a natural sequel to capitalistic profiteering. The wonder is that Bengal has not yet been covered with a net work of stores federated into a Central Wholesale Store at Calcutta. Things are, however, moving fast. At a recent Conference of representatives of Co-operative Societies in Calcutta it was resolved to start a Co-operative Store for the members of Calcutta Co-operative Societies. We shall watch its progress with great interest.

### CO-OPERATION IN THE NEW ORDER

[A paper read by Mr. T. C. Ray, Joint Registrar, Co-operative Societies, Bengal, at a meeting held at the Calcutta University Institute Hall on the 3rd of March, 1920, under the presidency of the Hon'ble Mr. J. G. Cumming, C.S.I., C.I.E., I.C.S.]

The old order is changing in India yielding place to new and God is fulfilling Himself through momentous changes which are moulding the future destiny of India. At such a time it is necessary to take stock of the forces that make for progress and happiness, and those that tend in the opposite direction.

The Government of India Act opens out prospects of a glorious future for India. All the forces in the country that make for ordered progress should now be pressed into the service of this great experiment. The experiment unfortunately is going to be tried in the midst of conditions which have had an unsettling effect on the minds of the people. There are also factors in our national life that militate against its success. The abnormal conditions of living, high prices and the attendant hardships have been putting an undue strain on the powers of endurance of the mass of the people. There are the social conditions which are peculiar to India, and the widespread ignorence and appalling poverty of the mass of the people, who have neither the time nor the capacity to think of anything beyond their immediate bodily needs. Lastly there is the effect of all these, the prevailing sense of extreme helplessness of a considerable section of the people.

The co-operative movement is one of the most powerful forces that make for ordered progress, and can counteract the effect of the conditions described, which are a menace to the success of responsible government in the country. It deals with the problem of poverty, not only economic poverty but moral poverty as well, and is a practical attempt to solve this all-important problem. The

movement has been in our midst these 15 years, but it cannot be said that it has received from the leading people of our country the attention which its importance demands. There is among the educated people of the country an amount of ignorance about the functions and the constitution of a co-operative society, which is extremely discouraging. This ignorance is mainly responsible for the lack of interest in co-operative work, which is a regrettable feature of the public life of Bengal. I do not know much of the public life of other provinces, but the state of things does not seem to be very different there except perhaps in Bombay, where the Servants of India Society has placed the organisation of co-operative societies on its programme. Still the movement is fraught with possibilities, which ought to appeal to the leaders of public opinion in every province. The co-operative movement had its origin in England among people, who had neither the advantages of wealth nor of education; it is a working class movement there, a poor men's movement. But this has not prevented the men of light and leading there from giving to the movement all the aid that it was in their power to give. Here in India our leading people have for years left the Government to lead the movement as best it The Government has sought for non-official aid, and has no doubt received it here and there. I shall be doing injustice to some very deserving men, were I not to acknowledge the services which they have rendered to the Government in spreading the principles of co-operation in the country. But the movement has never been a people's movement in India. In 15 years it ought to have reached the stage of adolescence, but it is almost as much in leading strings now as it ever was. The Government has always been anxious to loosen the strings, and is looking forward to the day when it may be in a position to withdraw and leave the movement to popular guidance. But this can only be possible when a suitable popular agency is evolved, on which Government can rely for the satisfactory discharge of the functions from the exercise of which it seeks to withdraw. The seed has already been sown of such an agency by a few enthusiastic workers in the cause of the movement, but its growth is so slow that the time seems to be distant when their expectation can possibly be realised. Bengal Co-operative Organisation Society, under whose auspices

I have the privilege of speaking to-day, came into existence about two years ago, and has, since its birth, been sending forth its appeals to our Zaminders and public men. But the response so far received is quite disappointing. I cannot believe that our public men have any intention to boycott the movement, as the Nationalist Party has done in Ireland. That party has, with a few exceptions, stood in frank opposition to the co-operative movement in Ireland. attitude of the party is thus explained in 'Rural Reconstruction in Ireland' by Smith Gordon and Staples:-"From their point of view co-operation, like all other agencies for the improvement of the economic and social condition of the country, was a manace to Home Rule. No other reform which might bring prosperity could precede this. To attempt such was to draw a red herring accross the path. There must be poverty and distress in the country in order to maintain the unrest, which seemed to be regarded as necessary for the nationalist propaganda. The status quo was their vested interest. It had been enough to see the powerful lever of the land agitations weakened by agrarian legislation. To improve the position of the people further was to destroy Home Rule utterly. Their political antagonism to what has always aimed to be a non-political movement has been very serious. The power of the Nationalist Press has been ranged against co-operation. It was often claimed that co-operation was a work of the Unionists; a plot to undermine the true principles of nationality". This was in Ireland. In India, we have indeed met with no opposition so far from any of the political parties. But an attitude of indifference to a movement, which aims at the solution of the most urgent problem of the day, is no more justifiable in India than the attitude of open hostility in Ireland. The fact that the movement is guided by Government is no excuse for the leading people of the country standing aloof. It is not the fault of the Government that the movement did not originate with the people. The masses in India are ignorant and keep no information of what is being done by the masses in Europe. But the educated community knows it. It is because our educated people did not go to the masses with the gospel of co-operation, that Government had to take up the work, and the Government can not be blamed for doing what the leaders of the people had neglected.

Political agitation is partly responsible for this attitude of the educated community towards the movement. There are hundreds of youngmen who are burning with a zeal to serve the country. But the glamour of political agitation dazzles their eyes, and they gradually come to believe that politics is the only way to serve the There are many among them, who indeed realize that the surest means of serving their country is to serve their brethren. But they are not aware that there is in their midst a movement, which has been there for a decade and a half, that places in their hands a ready means of serving their brethren. These are the youngmen, who go out at a moment's notice to relieve distress, whenever any serious calamity overtakes any part of the country. But politics blinds their vision, and they are unable to see how such an unpretentious work, as the organization of credit or purchase or sale among the rural population, can promote the interests with which politics is concerned. They have been led to believe that Home Rule, when it comes, will solve all the problems of the country, will remove the poverty and bring in abundance in its train. It is the same in Ireland. Sir Horace Plankett tells the story of a peasant there, who ceased planting potatoes on hearing that the Home Rule Bill of 1803 had become As has been said by a writer on the subject, "Spontaneous generation was but one of the many improvements in the natural arrangement of affairs to be secured through this panacea of Home Rule. What was there in practical efforts, when at any moment the enactment of Home Rule might inaugurate a new era?" fact is that too much importance has been attached in India to political agitation, and the result has been the crippling of national activities in other directions. No system of Home Rule is likely to save the raivot from the grip of the mahajan, unless he combines with others for creating capital and obtaining reasonable credit; no amount of protection will revive the industries of the country, unless the people set themselves in right earnest to revive them; and no amount of drastic legislation will stop profiteering and reduce the cost of living, unless the consumers combine for the purpose. Home Rule will be all the more successful, when it comes, if activities are set on foot in these directions in anticipation of its coming.

And what is the foundation on which will be built the structure of Home Rule which has captivated the imagination of our youngmen? The foundation must be firm to support a heavy edifice. The masses in India, sunk in poverty and ignorance, the unlettered villagers whose view is confined to and whose interests centred within their villages or castes, supply that foundation. be pretended that it is a firm foundation. Means must therefore be devised for adding strength to it. We must realise that the success of the experiment to be initiated by the Government of India Act, on which the hopes of the country rest, will not be judged merely by the efficiency of the ministers, who may be selected to administer the transferred departments. men in the country who will no doubt be able to do so with ability. But the main test will be the manner in which the electors exercise If they fail to exercise it wisely, the result will their franchise. be disastrous. Instead of having an assembly composed of the best talents in the country, we shall have one composed of men devoted to sectional interests. The success of representative government depends on the ability of the voters to control their representatives. Of the thousands of persons in Bengal, to whom it is proposed to give the franchise, the majority, it would be useless to deny, are not fitted by their education, intelligence and public spirit to exercise it; they possess neither the ability nor the inclination to control their representatives. If this state of things is allowed to continue, the experiment is bound to result in a disastrous failure. The Government is busy putting in train all arrangements for the coming elections and we shall no doubt witness a busy electioneering campaign in the near future. the campaign to consist merely in canvassing for votes? steps to be taken for training up the electors and fitting them for the exercise of the obligations which have been imposed on them by the Reforms Act? The educated community have promised to Government their co-operation in the success of the Reforms. But where is the programme of such co-operation? Merely contesting elections would constitute very poor co-operation Those pledged to obstruction will probably do no less. Those who believe that "the Reforms open the gateway of freedom to the Indian nation and plant her feet firmly on the road to Responsible Government" owe to their King and country much more than this passive co-operation. The country is now in urgent need of a constructive programme, and the leaders should lose no time in putting one forward. It is because co-operative societies can play a most useful part in the education of the electorates, which should form a most important part of such a programme, that I venture to urge their claims on your attention in this connection.

It is not only the dense ignorance of the masses, but also the sectional difference and religious and caste prejudices, which exist among all classes of the people, that must be removed, if any scheme of responsible government is to be successful in the country. So long as these differences and prejudices continue in their present state, responsible government in the country can only be a shadow of what it is in other countries. not necessary for the success of responsible government, that caste and religious differences should disappear altogether. What is wanted is that they should cease to have any importance in matters connected with the administration of the country. Speeches to point out the desirability of this are no doubt useful, but mere speeches will hardly achieve the object. We want practical illustrations of the tangible results of united action for a common purpose. What institutions are there in the country. which demonstrate these results better than co-operative societies? In a co-operative society we have Hindus and Mussalmans, Brahmans and Sudras working together for bettering the condition of each through bettering the condition of all, working for obtaining advantages for every one by obtaining them for all. co-operative society is a perfect democracy, where not only is the Pariah the equal of the Brahman, but the humblest raivat the equal of his Zamindar. Even in some of the most advanced democracies of the world, franchise is based on property qualifications, and there are millions of men who have no voice in the administration of their country. In the industries of the world built up on the basis of capital, the management is practically controlled by a handful of men who hold the majority of shares in the capital, votes being regulated by the number of shares held by each shareholder. These industries are based on the organization of capital.

not of men; they are oligarchies of capital rather than democracies of men. Co-operative societies on the other hand are democratic associations of men; caste in any form, whether of birth or of capital, is foreign to them. All members are equal and every member has the same voice in the administration of the society as any other. 5,000 such societies are now working in Bengal and giving lessons in democratic government to their members. But millions of people still lie beyond their beneficent pale. A scheme of national reconstruction which does not include the formation of co-operative societies leaves out one of the most important means of achieving its objects.

We rely on the newly born feeling of nationality to carry the Reforms to success. But nationality, inspite of its striking manifestations in some places, is perhaps not yet a sufficiently strong factor in our public life to be able to withstand the forces of disruption. Mr. Russel has rightly pointed out in his preface to "Rural Reconstruction in Ireland"--"The unity of a people may be brought by acceptance of common religious, cultural, or political ideals but it is doubtful whether that unity can be made real by any of these, unless at the same time there is an identity of economic interest among the majority of the citizens. Without this identity of economic interest made obvious to the average man the unity is without depth. The body of man is the most egoistic of all things, and in winning satisfaction for its desires, its first natural manifestation is by way of economic individualism, and every man is for himself and his family. Society so constituted becomes full of petty antagonisms, is the very antithesis in practice of those high spiritual principles, which are everywhere theoretically accepted, and which aim at the subordination of the personal to the natural, and an orchestration of human activity for the common good. These ideals so thrust aside come at last to be regarded cynically as fitting for Paradise, but very unsuitable The idea of nationality is a cultural idea, but a man very soon becomes cynical about nationality in practice, if his neighbour or his employer accepting the same national ideals do in fact relegate him to poverty in the pursuit of their own interest." If this applies to Ireland which is, with the exception of Ulster, inhabited by one people professing one

religion, how much more does it not apply to India, inhabited by more than one race, professing more than one religion? We must therefore think of other means, and adopt a method by which we may bind together the economic interest of all classes of Indian society. The co-operative movement can do this. A co-operative society gives a practical illustration of the fact that the individual interests of the members of a community are best served when "incorporated in communal enterprise. So the mind of the citizen is predisposed to subordinate his own interests and to identify them with the interests of the nation." It appeals to the immediate needs of men and occupies itself with things, which they must do, whatever party they may belong to, whatever religion they may profess, and whatever other interests they may have. principles, on which it is based, being accepted in matters connected with the members' everyday life, must profoundly influence their outlook on other affairs, and end by producing a permanent change in their character

It is its influence on the character of its members which constitutes the special claim of a co-operative society to have a conspicuous place in any scheme of national reconstruction to-day. It would be a mistake to treat the co-operative movement as concerned with rupees, annas and pies only. It is a spiritual movement, and as such it contains the seeds of the regeneration of India. This aspect of the movement is always in risk of being overlooked, and it is because it has not been sufficiently emphasised, that it has failed to appeal to the imagination of the youth of the country, of those ardent spirits, to whom the country is something more than a geographical entity, who welcome every opportunity of serving her, but are not aware that a movement is slowly growing up in their midst, which offers the amplest scope to their passionate desire for service. National prosperity rests on a firm foundation of national character, and no movement can possibly bring prosperity to a nation, which does not elevate the national character. co-operative movement is slowly elevating the character of its It is making them more and more self-reliant, it has already created a widespread desire for education and in many societies a feeling of brotherliness, such as could not be dreamt of a few years back. The strong desire for education, it has given

rise to, has in one society manifested itself in a resolution introducing a sort of compulsory education for the boys of the members, and in a few others in the systematic collection of small amounts from the members, when they are in funds, for opening schools. The feeling of brotherliness was well evidenced in a few societies, where the fathers of some girls were saved from ruin, on the occasions of the girls' marriages, by the intercession of the other members with the fathers of the bridegrooms, resulting in substantial reduction of the latter's demands for doweries.

All these are examples of the moral force inhering in co-operation. The masses in India labour under a sense of utter helplessness. Whenever a cyclone, or a flood, or an epidemic, or any other calamity overtakes them, they look up to Government to help them out of their aifficulties. A co-operative society teaches them to depend on themselves. When the poor raivot groans under the heels of the pitiless Mahajan, co-operation bids him combine with his co-villagers, who are similarly circumstanced, and by their joint efforts create the capital which is required to meet the needs of them all. This cannot possibly be done in a day or a year, but by self-help it becomes possible in a few years. When profiteering runs rampant, co-operation calls upon the sufferers to unite, raise sufficient capital from among themselves to purchase their supplies directly from the producers and thus save to themselves the profits of several grades of middlemen. When cottage workers are reduced by dealers in their wares to the state of vassals, they have only to realise that bondage is of their own creation, that it is open to them to shake off the fetters of the middlemen by combining to purchase their raw materials and sell their wares jointly. It is the same where the middleman swells his profits by fleecing the agricultural producers. Everywhere the weak are told that they are weak, because they are alone, because they do not know the strength that lies in combination. Everywhere they are told and taught to stand on their own legs, and put forth their own efforts. This grows at last into a habit and the weakling puts on muscles and the cripple stands on his legs.

Co-operative organisations possess wonderful vitality. Russia presents a conclusive proof of this. That ill-fated country has

passed through a cataclysm, such as no other country, except perhaps France, has passed through. All other old organisations of the country have perished, but not the co-operative organisation, which flourishes as ever. It is with that organisation that the Allies recently contemplated the exchange of commodities. Russian Co-operative Union was organised in 1870, and comprises 500 unions, 50,000 local societies and 25 million members. operates throughout the whole of the Bolshevik and non-Bolshevik Reuter announced on the 20th January last that the Allies had arranged with the Vice-President of the Union, who negotiated the trade agreement with the Supreme Council, that all exchange of commodities between Russia and the Allied countries would be made through the Union, which would buy directly from the Russian peasants. The negotiations, it appears, have subsequently fallen through, but the fact that the Allies selected this organisation to carry on negotiations on behalf of the whole of Russia proves that it is in a position to undertake the task. Such is the strength possessed by an organisation based on the realisation of the identity of the economic interests of the mass of the people, that even sanguinary internecine wars and violent conflicts of political opinions have not been able to break it.

In so far as a co-operative society influnces the character of its members, makes them self-reliant, accustoms them to identify their individual interests with the interest of the community, and fosters brotherliness, removing caste and religious bitterness, it is entitled to be regarded as an important factor in national But it does, and is capable of doing, much more regeneration. than this. In Bengal co-operation has built up an organisation which, when developed, will link up every village in the province with every other. We have now a fairly large number of societies in almost every sub-division, except in one or two districts which are being fast developed. These village societies are federated in Central Banks and Unions, and the Central Banks and Unions are in their turn federated in the Bengal Provincial Co-operative Federation in Calcutta. On the Central Banks and Unions there are representatives elected by the primary societies, and the Provincial Federation is managed by directors elected by the Unions and Central Banks. When every village in Bengal has its cooperative society, it will be linked up through its Central Bank with the Provincial Federation, and through it with every other village in the province. We have no other organisation in the country which promises so much.

In every country the conflict of interest between the producers and the traders, and the consumers has been acutely accentuated of For five years the whole of the productive powers of the greatest producing countries of the world were engaged in producing war materials, with the result that there is now in the world an absolute shortage of the every day necessaries of life. Competition. which had free play when the manufacturers of the world could with difficulty secure their markets, is practically non-existent now, and the manufacturers are at liberty to put any price on their goods. The only limit to their greed is set by the ability of the consumers to bear the strain imposed on their crippled resources. manufacturers alone who have been seized with this spirit. traders are no better. They are not satisfied with the profits which they used to earn before the war. We have of late been literally deluged with new companies, not only for manufacture but also for trade, all of which promise enormous dividends to their shareholders. These dividends are to come from the pockets of the helpless public whom the companies intend to exploit. A spirit of profiteering is abroad all over the world which is bent upon exploiting the necessities of man in every direction. regard to articles of luxury this exploitation might pass unnoticed, but it is not confined to anything, and it does not shrink from bringing whole countries on the verge of starvation. There is no doubt of the existence of this profiteering spirit. The cost of production has no doubt increased, but the high dividend paid by the manufacturing and trading concerns loudly proclaim the existence of profiteering. The profiteers justify themselves by an appeal to the law of demand and supply, but this law is only another name for undiluted selfishness. It may be said that the sciences of economics and ethics are quite distinct and there is no connection between them. Unfortunately no connection is recognised between them at present, but the springs of human action are never unmoral, and it is a pity that the moral sense of humanity is not yet sufficiently strong to assert itself in trade and commerce.

The evil of profiteering has in the result assumed such enormous proportions that it is impossible to look on without doing anything. The State however is apprehensive that any interference with the basic law of economics will increase the evil instead of deminishing it. State interference cannot indeed go very far to stop the evil, unless it is prepared to go too far and interfere with individual liberty of action. Bolshevism is trying the experiment, but in trying to cure one evil it is plunging the world into a far worse one and destroying individual initiative. Co-operation is the only way to bring economics into harmony with morality. It offers the only alternative to Bolshevism for a solution of the problem which confronts the world to-day. Individual liberty of action is a prized possesion of man, for which he has paid a heavy price in his struggles to obtain it. Having freed himself from the shackles imposed by an all-powerful church, should man raise up another authority to circumscribe his freedom? By doing so, he might possibily escape from the present impossible conditions. But the price would be too heavy. A strong current however has set in in men's opinions all over the world in favour of this suicidal course. Co-operation is the only force which can stem this current. the ethical side it can meet all the arguments in favour of Bolshevism, and it can also cure all evils that Bolshevism is out to cure. At the same time it leaves men's individuality in tact. self-denial of Bolshevism is forced by an extraneous agency and is without any moral attribute, but every act on the part of a member of a co-operative society for the good of the society is voluntary, and is instinct with moral virtue. A co-operative society is a voluntary association of men, the members of which impose on themselves a self-denying ordinance to serve the interest of the whole body. If the restriction is felt irksome at any time by any member, he is at liberty to leave the society and seek his individual interests in insolation. If however he has been in the society for any length of time, he will have been used to looking at things in a new perspective, and have realised that he could not serve his interest better than in conjunction with his fellows. Co-operation furnishes the most effective weapon for fighting the disruptive forces now let loose in the world. There is not less necessity in India for fighting these forces than in other countries. The merciless exploitation of the

people by the capitalists for five years has prepared them to listen to any remedy that offers an escape from it. The Reforms are looked up to bring in with them better conditions. And there is bound to be bitter discontent unless they can fulfil the expectations. The cooperative movement should therefore be pushed on with all possible speed. If the present Government has done much for the cause of co-operation, the reformed Government will have to do more if possible. But the movement depends for its expansion mainly on the devoted service of the educated community. And that is the justification for the appeal to our public men to join the movement.

Labour is slowly raising its head even in India, and we have had a series of strikes during the last few months. between capital and labour is in need of readjustment. Failing this readjustment there is a risk of Bolshevism finding ready acceptance in the ranks of labour and destroying all chances of India's industrial revival. The industries of India are in a nascent state, and can be moulded now into any shape. It will be otherwise when the capitalistic method with all its attendant evils takes a firm root in the soil. Then the introduction of any new principle in industry will mean a revolution, while it is only a reform now. By a certain school of thought the introduction of the co-operative principle in industry is believed to be fraught with danger to the industrial advancement of India. But as labour has begun to assert itself, the conflict between its claim and the claim of capital has got to be harmonised somehow. Trade unions are already springing up in the country, and the discord becoming more and more pronounced every day. This discord is sure to be accentuated with the introduction of the Reforms, when labour will return its representatives to the Councils of the State. gains in influnce in the country its demands are sure to increase, and it is only a question of time when the demand for nationalisation will be put forth in India as it has been in England. be well to anticipate it by readjusting the relation between capital and labour on an equitable basis at the outset of our career on the road to responsible government, and this readjustment can only proceed on the principles of co-operation.

But how to apply the co-operative principle to industries? It has nowhere been applied to any considerable extent to the big

industries, and the question presents many serious difficulties. Conflict between capital and labour, though not so frequent as in capitalistic industries, is not very rare in industries run on co-operative principles. These industries may be organised in two The consumers may combine for the production different ways. 5000 men, who wear dhuties, may raise of the things they want. from among them the capital required for starting a mill for producing the dhuties they want. The object being to supply their own needs, there would be no incentive to profiteering. same way they may produce many other things which they want. These would be co-operative industries, and labour would be better paid in these industries than in capitalistic ones. possibility of conflict between labour and the management of the industries is not however entirely eliminated, but it is possible to adjust the relation between them in a way to do so. method is to raise the capital required for starting an industry from the labourers to be employed in it. The labourers would in such a case be their own employers and would be adequately paid. India it is doubtful whether either of the two methods can be adopted at present, for our consumers have not vet evinced any inclination to combine for purposes of production, and our labourers, though they are learning to combine, are not yet intelligent enough to run big industries even though it were possible to collect from them by small instalments the capital required. But something may be done to introduce a leaven of co-operation in the industries, by putting a limit on the number of shares, which can be allotted to one shareholder, and by limiting the dividend to a reasonable figure. These would enable a larger number of people than at present to participate in the profits of the industries of the country, and put a stop to profiteering. might be urged that the limitations would considerably weaken the motive for starting new industries. This is unfortunately true to-day, but we want a partial return in this matter to the happy old days. Those were days, when men had some regard for the sufferings of their fellows, when the desire for gain had not such complete mastery of them as to render them almost insensible to the higher instincts of their nature, when their own humanity imposed a limit to the extent of their exploitation of others. Is it

impossible to go back now? We boast that ours is a spiritual civilisation, while we brand the civilisation of the West as materialistic. The ideals of the West have no doubt to a certain extent replaced our Eastern ideals, but we are still of the East, and money-making has never been with us the be-all and end-all of our life. It is my fervent hope that it is still possible for us to check our selfish instincts, and be satisfied with a reasonable return to our capital.

Whatever view may be entertained of the practicableness of large industries on a co-operative basis, the application of the co-operative principle to cottage industries presents no serious difficulties. The cottage industries are still not dead in India. Of the total quantity of cloth consumed in India, the handlooms still supply the larger part. This is the case with several other industries too, and the organisation of these industries on co-operative lines is sure to give them a fresh lease of life.

The shyness of Indian capital has passed into a proverb. Capital has so long not been available for the development of industries, because it found a very profitable investment in loans. When co-operative banks have multiplied in the country, when the rayats have created their own capital, the *mahajan's* capital will be sure to seek new fields of investment. Co-operative banking thus serves the cause of India's industrial advancement.

These considerations ought to recommend the co-operative movement to every well-wisher of the country. There is still another consideration which I would place before you. Money is not plentiful in the coffers of the State but it is wanted for improvements in various directions. Co-operation reduces the demands on the funds of the State to its minimum, and gets things done by the people at their own cost. It is open to the Government to impose taxation in self-help instead of in money. But this taxation can be effective only if the country is sufficiently organised for the purpose. The problems of sanitation, irrigation and possibly education can be solved in this way.

The need for taking measures to improve the sanitation of Bengal has long been felt, but there has never been sufficient money at the disposal of the State to do all that is necessary in this connection. It is doubtful whether the State will ever have sufficient funds to enable it to tackle the problem. It is for the people to take the necessary measures, aided frim time to time by such funds as Government may be able to spare for the purpose. In a matter embracing the whole province the spasmodic efforts of individuals are not likely to achieve much. What is wanted is to rouse the whole country and organize it on the principle of co-operation. Hon'ble Mr. P. C. Mitter and Rai Bahadur Gopal Chandra Chatterjee have presented a scheme before the country, but this has to be brought prominently before the people.

The need for irrigation in West Bengal is great. The old irrigation tanks are silting up and are in urgent need of re-excavation. But who will re-excavate them? The problem of the Bankura District, which is liable to frequent famines, is only a question of irrigation. Can any one expect that all the irrigation works which used previously to be maintained by zeminders should now be taken over by Government? The only solution lies in co-operation, in the combination of persons interested in the maintenance of these works for keeping them in proper order. A movement for this purpose has already been set on foot and a wonderful response has been received from the people of the district. If any of you care to visit the district you will be agreeably surprised to find that the people there are willing to do anything, to make any sacrifice for irrigation works. They have to be led. Will you leave this leading exclusively to Government? The Government is going shortly to introduce a bill for facilitating the execution of sanitary and agricultural works. provides for the execution of the works under the Collector's supervision and the Collector's recovering the cost from those benefited by them. This is a very good provision no doubt. I would prefer that such works be executed by combinations of persons, formed for the purpose, without the intervention of the Collector, which is sure to interfere with the motive to self-help. I would not sacrifice the moral influence which co-operation exerts on the character of its votaries to the ease and luxury of leaving my work to be done by the State and my paying for it.

It has been my object in what I have said above to show that co-operation is a powerful lever for uplifting a nation like ours, but sufficient use has not yet been made of it in India for that purpose, that the development of the co-operative movement will contribute greatly to the success of the Reforms and that its proper development depends on the hearty co-operation of the educated community. I may be asked to indicate in what way the educated community may co-operate in the development of the movement. In the first place I would ask them to join the Bengal Co-operative Organization Society. If we had 10,000 members of the society, we would have a lakh of rupees a year, with which we could carry our propaganda to the remotest corner of Bengal, and in the course of a few years organise the whole Presidency. But money is not all that is wanted; we want enthusiastic co-operation in the success of the movement; we want the leaders of the people to organise meetings to preach the principles of co-operation. We also want the educated community to organise co-operative societies among themselves. The need for co-operative stores is very great just now, and it is impossible to make these successful without their hearty co-operation. And we want the active help of the zemindars in spreading the movement. There is still a lurking suspicion in some quarters that the co-operative movement is not good for the zemindars. We want the zemindars to make themselves acquainted with the working of co-operative societies, and by satisfying themselves that the movement has no designs on them, but is calculated rather to benefit them, to throw themselves heart and soul in it.

Lastly I would appeal to the European community of India to join this national movement. When the prices of things go up, the Europeans are as much affected as the Indians, the only difference being that being richer than the Indians, they can stand it better. That exploitation is as abhorrent to them as to the Indians has been amply demonstrated by their attitude towards the high rent problem in Calcutta—If we can feel the identity of our interest in regard to house rent, why can we not feel it so far as the ordinary necessaries of life are concerned? In co-operative stores we can co-operate for the purpose of reducing the cost of living, and we can unite to start industries on co-operative basis, not to exploit the public, but to produce the things we want. That is the only road to a real fusion of interest.

Many Europeans have expressed their warmest solicitude for

the peasants of Bengal, who are mercilessly exploited by mahajans. The mahajan does not exploit the necessities of the raiyat more than some traders and manufacturers have been doing those of the general public. If we can unite to put down the mahajan's exploitation, there is no reason why we should not be able to do so to put down the trader's and the manufacturer's? I am looking forward to the day when this will be accomplished. Then will race antagonism disappear and a peaceful and contended India stand forth as a unique example of race co-operation.

### The Hon'ble Mr. J. G. Cumming's Remarks on Mr. T. C. Roy's Paper.

In proposing a vote of thanks to the lecturer, the Hon'ble Mr. Cumming said:—

"I think I should voice the feelings of all those present if I express the thanks of the meeting to the lecturer for his interesting, instructive and inspiring address. It is in the main the development of the thesis on which I have said and written much at other times and places; and that is that there is no practical limit of the possibility for good in the co-operative movement, if it be properly directed. At the recent Annual Meeting of the Bengal Co-operative Organisation Society, Sir Rajendra Mookerjee also enlarged on this theme. There are three points in Babu T. C. Roy's address which I should like on the present opportunity to emphasise.

The first is as regards the part taken by Government. He appreciates the fact that Government themselves recognise that they wish the movement to be non-official and that Government action is primarily confined to the limits of propaganda and audit control. In recent years there has been a continuous increase in expenditure of state funds on control corresponding to the expansion of the co-operative movement itself; and I may remark that in the forthcoming financial year there will be a further advance on these lines. If there is one thing which experience has proved to demonstration, it is that the existence of bad societies is not make y a negative but a positive evil; and that every measure

should be taken to prevent the creation of such societies and to effect their abolition if their faults are proved to be irremediable.

The second point is, as Babu T. C. Roy has explained, that the co-operative movement is not merely for the provision of cheap credit; and not merely for co-operative production and distribution. The movement tends to create the eminently social virtues of thrift and unselfishness.

The third and last point which on the present occasion might be mentioned is that the production of wealth is the most essential thing in the world today. Owing to the great war the world has got behindhand, not only in the production of articles of food but in the production of commodities which are given in exchange for food. It is primarily by such production that the purchasing power of money may be appreciated or in other words that prices may fall. To such production of wealth a co-operative movement will contribute its share. The instance of the improvement in the condition of weavers in the Bankura District is a case in point. But even there the weavers benefited are only 3 per cent. of the For sometime I have felt that it was weavers to be benefited. a pity that in the earlier years of the co-operative movement so much stress was laid on the provision of cheap credit to the agriculturist, and not enough on co-operative production.

I commend to you all the exhortations of the lecturer this evening, emphasizing in particular these three points which I have named, the limitation of Government interference, the coincidence with social improvement and the share of the co-operative movement in the production of wealth. I beg therefore to propose a vote of thanks which I trust will be carried with acclamation."

## AGRICULTURE AND CO-OPERATION

A Paper read at Agricultura! Conference at Coimbatore by Dr. John Mathai.

The task of rural development in this Presidency is entrusted by Government to the Departments of Agriculture and Co-opera-The Department of Agriculture is in charge of the supremely important duty of investigating scientifically the possibility of improving the methods, processes, instruments and raw materials of agriculture, of demonstrating the results of its investigation to agriculturists, and of imparting instruction in agriculture. The Department of Co-operation is entrusted with the duty of combining agriculturists into organised societies for the purpose of improving their economic condition by the joint supply of capital, raw materials and implements, by the joint preparation of their produce for the market, and by the joint marketing of the product. The two departments are obviously complementary to each other. One is concerned mainly with investigation and technical instruction and the other with organisation.

The term "Co-operation" is apt to convey a rather narrow view of the possible scope of the Co-operative Department. It would be better expressed probably by the title which is in use in the United Kingdom, namely, Agricultural Organisation. The word "Co-operation" as used in the manufacturing industry denotes a method of organisation distinct from the competitive mechanical, large scale system, which is the prevailing or to use a rather misleading word, the natural system in that industry. The co-operative movement arose as a protest against that system. But in agriculture co-operation was introduced not as an alternative to a prevailing method of organisation but as an alternative to no organisation at all. The statement is probably not absolutely accurate but to a large extent it represents the truth.

The point of distinction may be re-stated thus. In the

manufacturing industry co-operation stands for a different ideal of social progress from ordinary joint stock enterprise. In co-operation the test of progress is primarily the welfare of the human factors engaged in production. In ordinary commercial enterprise, the test is rather the output, or the aggregate amount of finished produce. This, however, does not mean that in every joint stock enterprise the welfare of the worker is neglected or that in every co-operative undertaking output is necessarily smaller. But it is true in the main that if your chief aim is to increase the output of your industry you generally start by centralising capital and control. But if your chief aim is not to increase output but rather to increase the happiness of the community, then you try to distribute capital and management on as wide a basis as possible.

On the other hand, if you take agriculture, whether you judge progress by the test of welfare or by the test of output, in many countries co-operation is the only practicable method of organisation. Of course, farming on a large scale as a joint stock business has in suitable cases great advantages from the point of view of output. But except in new countries or in countries where feudalism has survived in some form or other, the possibility of organising large, is very little.

The difficulty is that, unlike other forms of wealth, land is strictly limited in quantity. If you take any given area which is already under cultivation, you cannot easily persuade the people who own the land to throw it into a common stock. This is especially true of a country which is occupied predominantly by small agricultural holders, among whom land is the most cherished form of possession, and the sense of property is most keen with regard to land. You cannot, as a rule, organise large joint stock farms on the basis of single estates in a country of peasant pro-If people will not part with the ownership and possession of land, then you cannot get them to combine to the extent of owning and cultivating the land in common but only to the extent of co-operation in regard to certain aspects of agriculture. obviously sets a limit to the development of agricultural organisation—a limit which is imposed by certain facts in human nature and history which it is useless at this time of day to argue away. But within this limit there is an immense possibility of development by combination which even in the most advanced co-operative countries has not been explored to the fullest extent.

The necessity of co-ordinating the functions of the agricultural and co-operative departments in India is now accepted as a truism. The Committee on Co-operation, over which Sir Edward Maclagan presided, made a strong point of the need for co-ordination. Their proposal was that what are called the Development Departments of Government should be placed under a single official head in order that they might function in response to a common will and policy. Whether this is a sound proposal or not, there is no doubt that the necessity of co-ordination between the various Development Departments to which they called attention is now generally recognised in every province. Such co-ordination has always existed informally. But in Madras the first formal step in this direction was taken in July, 1917, by the holding of a joint conference between the senior officers of the two departments—a conference which, if it has not led to any substantial results capable of being measured and tabulated, has at any rate resulted in a perceptible awakening, on the part of agricultural co-operators, of the desire to understand and utilise the valuable discoveries of the Agricultural Department especially in the matter of improved seed, manure and implements.

The work of the Inter-Departmental Conference fell under two heads (a) general lines of work and (b) suggestions for particular areas. Under the first head, it was resolved, for example, that Deputy Directors, Assistant Directors and Assistant Registrars should endeavour to meet once in every three months at least, in order to discuss matters of mutual interest. Certain lines of activity capable of general application were recommended, such as joint rotation of crop, joint storing of seed and manure and joint irrigation and certain manures and foodstuffs for cattle were mentioned as being fairly safe to recommend anywhere.

The really important work of the Conference, however, was the detailed survey which it made of the directions in which cooperative societies might assist in the improvement of agriculture in definite localities in the Presidency. The suggestions necessarily covered a very wide range but they may be briefly summarised as follows: (1) Joint purchase of seed for green manure such as daincha, sunhemp and kolinji, (2) Joint purchase of artificial manure such as bone meal, oil cake and fish guano, (3) Joint purchase of improved seed for crops like paddy and cotton, (4) Joint production in respect of sugarcane crushing, cotton ginning and groundnut decortication and, (5) Joint sale of agricultural produce, especially garden produce such as arecanut, cocoanut and pepper on the West Coast.

The actual methods by which it was sought to secure co-ordination during the year for these various objects were mainly—meetings between agricultural and co-operative officers and joint tours by them, constant correspondence on points requiring expert assistance not merely between the heads of the two departments but between the officers in charge of local areas, and the presence of agricultural officers at co-operative conferences.

It may be admitted at once that the success achieved by co-operative societies in carrying out the suggestions, and utilising the assistance of the agricultural department has not been as considerable as we might wish. Those of us who have examined the quarterly reviews issued by the Registrar of Co-operative Societies during the year on the progress of agricultural co-operation will have noticed how slow, on the whole, the progress has been. But it is encouraging that in the quarter ending June last a perceptible improvement was noticed over the two previous quarters, especially in respect of the joint purchase of seeds and manures in certain areas. The movement for co-operative purchase, though still in its infancy, has run fairly strong during the past year in regard to certain articles and in certain localities, under the pressure of the general scarcity of food. If co-operative societies succeed in bringing home to their members the solid commercial value of agricultural improvement, it may be hoped that the tide of co-operative purchase which has set in may "lead us on to fortune" in the supply of agricultural requisites as well as of ordinary domestic articles.

The chief difficulties which beset co-operative societies in this matter were set out by Mr. Hemingway in a paper he read before this Conference last year.

Briefly the difficulties have been of three kinds:—(1) Cooperative trade in agricultural requisites, which naturally bulks largest among the suggestions of the Inter-Departmental Conference, is inherently a more difficult form of co-operation than credit. It requires a knowledge of the market, it requires more discipline and business habits and last but not least it is often attended by serious risks such as fluctuations in price and deterioration of quality, (2) Both the Agricultural and Co-operative Departments have been admittedly shorthanded in view of the immense possibilities which lie before them. The whole field of non-credit co-operation lies practically unexplored in the country. The experiments in this direction, which have been made in recent years, have been a severe strain on the existing staff, who have had to undertake them in addition to the fairly exacting work of looking after nearly 4,000 societies in the Presidency, (3) Besides these, the special difficulties of last year—transport, supply and the season—must be remembered.

Looking towards the future, one feels there are four circumstances at least on which co-operators may base their hopes of a better day. First, the definite acceptance by Government of the necessity for expanding very considerably the staff of the co-operative department; Secondly, the recognition of the valuable services of non-official co-operators by the appointment of Honorary Assistant Registrars; Thirdly, the rather striking applications which has been given to the principle of "trade on indent" and fourthly, the establishment of the local co-operative union as a natural self-governing unit in the co-operative system.

All these are circumstances which will obviously help co-operators in the efforts they are making to strike out new lines of work especially in the direction of agricultural improvement. The increase of staff proposed will mitigate a long standing and acknowledged difficulty. And the habit which co-operative societies are beginning to develop of buying and occasionally selling as agents of their members affords a safe basis on which trade in agricultural requisites may be developed. It is, however, on the second and fourth points that one would lay the greatest stress, namely, the definite recognition of non-official workers and the constitution of local unions.

In any movement which depends for success on the education of public opinion, the discovery of a local unit which could form the nucleus for a spontaneous grouping of people is a step of great consequence. The co-operative local union is still decidedly on its trial, but there is reason to believe that a group of societies situated in a small area, not bigger than a taluk and preferably much smaller within which people have easy access to one another and a fairly intimate sense of common interests, has in it the making of a good natural unit. It is through co-operative organisations based on such units that we must hope for a real permeation of our agricultural population with the idea of rural improvement both on the scientific and on the social sides.

It is not necessary to dilate on the importance of accepting the willing services of honorary workers in a movement like cooperation, and of strengthening their loyalty to the cause by giving them definite responsibilities and a definite status in the movement. If a sufficient number of workers of proved ability and experience in rural areas could be appointed as Honorary Assistant Registrars, the result will be that at the more important "Union" centres in the Presidency you would have not merely a co-operative organisation capable of being used with great effect but an individual on whom you could count for putting the organisation to proper use.

Can anything be done to still further co-ordinate the work of the agricultural and co-operative departments? We have made a good beginning towards co-ordination by holding a joint conference between the officers of the two departments—a practice which we hope will be continued hereafter.

With regard to further steps, two questions might be raised for the consideration of the Conference :

- (1) Is it practicable and desirable to give short courses of instruction in improved methods of agriculture to honorary cooperative workers at one or more centres in the Presidency?
- (2) Will it help agricultural propaganda if, in posting agricultural demonstrators, preference is given to places where co-operative unions have been formed?—Madras Times.

# THE BENGAL CO-OPERATIVE ORGANISATION SOCIETY

## Second Annual General Meeting.

The Second Annual General Meeting came off on Saturday, the 28th of February, 1920, at 5 p.m., at the Students' Hall, Calcutta.

The Hon'ble Sir R. N. Mookerjee, K.C.S.I., presided. Among those present we noticed the following—

- Mr. J. T. Donovan, I.C.S., Kumar M. C. Sinha, The Hon'ble Mr. P. C. Mitter, Dr. H. W. B. Moreno, Mr. T. C. Roy, Prof. P. Mukherji, Prof. A. C. Sen Gupta, Mr. M. Mamhud, Khan Bahadur Moulvi Asaduzzaman, Dr. D. N. Maitra, Mr. N. Gupta, Mr. N. G. Basak, Rai Sahib Kamala Prasanna Roy, Khan Bahadur Moulvi Ataur Rahaman, Mr. N. C. Bose, Babu Nabagopal Bose, Prof. R. K. Chakravarty, Khan Sahib Moulvi Kabiruddin Ahmed, and others; a few representatives of affiliated societies were also present.
- 1. Adoption of the Annual Report:—In moving the adoption of the Annual Report the Hon. Sir R. N. Mookerjee delivered the following address:—

## GENTLEMEN,

We have now completed our second year of working and you have just heard an account of our activities during this period. There is no necessity for me to dwell in detail on the results achieved but in summarising them generally, I may say that we have been unable to do as much as we wished in bringing our society prominently before the general public and enlisting their co-operation in extending the organisation of our society, but we have undoubtedly been sowing good seed which in time must generate and bear fruit. Although the uphill nature of our work

makes progress slow yet we are encouraged by the knowledge that the soil on which we are sowing is by nature and tradition fertile and receptive. Gentlemen, co-operation is human and is innate in human nature. The principle of co-operation is not unknown in India and has been practised by us in different forms from time Our joint family system is based on co-operative It is in itself a restricted form of co-operative society, principles. each individual family being a small society. This joint family system may not be entirely suited to the present economic conditions, but the fact that this system has been successful and in existence for centuries shews that co-operation is not foreign to this country and is understood by the people. There is another kind of co-operative society that has been in existence amongst the rayats and cultivators of our rural villages from ages past. These poor villagers, having no means to engage and pay for daily labourers to help them in cultivating their fields, which at times cannot be done single-handed, have resorted to a wonderful system of co-operation, organising themselves into small societies to work their fields in turn, so as to get the full benefit of co-operation without having to engage paid labourers. The fishermen of our villages also co-operate amongst themselves almost on the same lines as that of the cultivators. There are other forms of co-operative societies amongst educated and better classes of people; such as Joint Stock Companies, Trades Association, Chambers of Commerce and Landholders' Associations. All these associations work for the benefit of their respective members. Of late in Bombay, Madras and other centres of industrial activity, associations or unions have been organised by labour for the purpose of advancing their joint interests. The defect of the work of these different associations and societies is that each society works for the benefit of its own members only, without any consideration for the benefit of the general interest of the country. The result of their working often brings conflict between opposing interests and thus hinders, and at times arrests, the progress of the development of trade, commerce and industry.

The aim and object of our society is to fuse these opposing interests in such a way as to harmoniously work for the benefit of all parties and of commerce and industry in general. If we be able

to impress upon the minds of the members of these societies to work less selfishly and more broadmindedly in regard to mutual and conflicting interests and with a sense of justice to all, bearing in mind the golden motto of co-operative societies (each for all and all for each), there is no reason why capital and labour, landlords and tenants, proprietors and cultivators, middle class people and depressed classes cannot work peacefully and amicably for the benefit of each and all, and finally for the benefit of humanity. Co-operative Societies can only gain strength by promoting a feeling of fellowship, which will naturally bring closer unity between all. Our work, I admit, requires strenuous efforts by each individual member of our Association to includate the principles and spirit of co-operation amongst all sections of community, principally with a view to bring opposing interests to work together for mutual good.

Gentlemen, there is no doubt that in our country we have a fertile soil to sow the seed of co-operation. Our traditions, customs and usages will help us in our efforts. We have only to be earnest in the propaganda work necessary to educate our countrymen—high and low, rich and poor, educated or illiterate in organising co-operative societies and working them with toleration and with the principle of give and take for the good of the community, to elevate the oppressed and depressed classes by extending the hand of fellowship and to bring home to every individual in our country the benefit of co-operation by personal example. Our work is noble. It is the work of love and devotion. To build our work on a solid foundation our progress will naturally be slow, but by determination and patience our edifice will slowly but surely reach completion. We have no reason to despair. The present economic condition is an important factor in enabling us to spread the system rapidly. To my mind our prospects are bright. We have to work earnestly and selflessly and success is sure to follow.

Gentlemen, I will not detain you longer but I cannot take my seat without expressing on my and your behalf our greatful thanks to our Secretary, Professor P. Mukherji and Mr. Donovan, the Registrar of Co-operative Societies, whose devoted work has brought our Society into its present position in so short a time.

In seconding the adoption of the Annual Report Mr. T. C. Roy, moved that the following words be added to the Annual Report:—

"We should also record our thanks to Prof. P. Mukherji for the time and energy devoted by him to the work of the society and for the efficient manner in which he has discharged his functions as Honorary Secretary"; and he moved that the Report, as amended, be passed. The motion was carried with acclamation.

2. Election of office-bearers—On the motion of the Chairman, seconded by Mr. J. T. Donovan, the following office-bearers were unanimously elected for the year 1920:—

President—The Hon'ble Maharaja Sir Manindra Chandra Nandi Bahadur, of Cossimbazar, K.C.S.I.

Vice-President—The Registrar of Co-operative Societies, Bengal.

Hon. Secretary-Prof. P. Mukherji.

Hon, Treasurer-Mr. N. C. Bose.

Hon, Auditor-Babu Muralidhar Das.

- 3. Election of Members of the Executive Committee for 1920:—On the motion of Prof. P. Mukherji, seconded by Mr. N. Gupta, the following members were unanimously elected to form the Executive Committee of the B. C. O. Society for 1920—
  - 1. Rai Indu Bhusan Bhaduri Bahadur.
  - 2. Prof. B. K. Bhattacharjee.
  - 3. Prof. R. K. Chakravarty.
  - 4. Prof. J. C. Coyajee.
  - 5. Mr. G. S. Dutt.
  - 6. Babu Surendra Narayan Sinha.
  - 7. Babu Tarak Chandra Roy.
  - 8. Rai Bahadur Dr. Chuni Lal Bose.
  - o. Khan Bahadur Moulvi Asaduzzaman.
  - 10. Principal G. C. Bose.
  - 11. Babu Kamini Kumar Das, M.B.E., (Chittagong).
  - 12. The Hon'ble Mr. P. C. Mitter.
  - 13. Kumar M. C. Sinha, M.B.E.
  - 14. Rai Shahib Kamala Prasanna Roy, (Ramporehat).
  - 15. Rai Shahib Tarak Nath Maitra, (Pabna).

- 16. Rai Shahib Narendra Nath Chatterji.
- 17. Babu Nabogopal Bose.
- 18. Dr. D. N. Maitra.
- 19. Mr. P. Sinha.
- 20. Mr. Nabagouranga Basak.
- 21. Dr. H. W. B. Moreno.
- 4. Appointment of Hon. Asst. Secretaries—On the motion of Mr. J. T. Donovan, seconded by Prof. P. Mukherji, Prof. Rajkumar Chakravarty and Prof. Bejoy Krishna Bhattacherji were unanimously appointed to be Honorary Assistant Secretaries.
- 5. Changes in Rules—The following additions and alterations to the Rules of the B. C. O. Society were unanimously adopted—(a) Rule 3 was altered as follows—

In pursuance of this object it will undertake :—

- (1) to organize a Central Library of Co-operative Literature in Calcutta; (2) to publish the Bengal Bihar and Orissa Co-operative Journal (provided the Government continues its grant at least until the society is financially strong enough to do without it); (3) to publish a Co-operative Journal in Bengali; (4) to publish and distribute Leaflets and Pamphlets containing valuable information; (5) to assist the Co-operative Department in organizing special lectures for honorary organizers, employees of societies, and others; (6) to organize Co-operative Conferences and Public Lectures on Co-operation; (7) to open Branches in the Moffussil; (8) to further combined action among societies in every possible way for the advancement of common interests; (9) to suggest model rules for new kinds of societies; (10) to act as an information bureau for Affiliated Societies and the public; (11) to organize a Co-operative Press; (12) to raise funds and, in general, to adopt such other measures as may be necessary to promote the aforesaid objects.
- 6. The following Clause was added to Rule 7-"The

Honorary Secretary may appoint, subject to the sanction of the Executive Committee, two Honorary Assistant Secretaries."

- (c) Rule 8 was deleted.
- (b) In Rule 13, Clause (b) after the word "entitled", the following words were to be read—"to receive gratis one copy each of the Bengal, Bihar and Orissa Co-operative Journal and of the Bhandar and such other publications as the society may distribute free of charge."

After the usual vote of thanks proposed by Khan Bahadur Moulvi Asaduzzaman the meeting terminated.

## CO-OPERATIVE CONFERENCES HELD UNDER THE AUSPICES OF THE B. C. O. SOCIETY

### 1. Bhanguria Co-operative Conference.

A Co-operative Conference was held at Bhanguria on the 1st February last under the auspicies of the Bengal Co-operative Organisation Society. Representatives of Central Banks, Pabna, Sirajganj, Shahzadpur and Ullapara, as well as most of the members of the rural societies numbering over three thousand sturdy cultivators, fishermen, gowallas and kolus-members of one or other Co-operative Societies in the North Pabna Circle-Bhanguria being the central place in this Circle and attended. the head quarters of the Government Circle Inspector and easily approachable from all the society-villages, was naturally selected for the Conference. Besides the members Mr. J. T. Donovan, I.C.S., Registrar, Co-operative Society, Bengal Rai Indu Bhusan Bhaduri Bahadur of Nadia, Mr. J. K. Das Gupta, District Engineer. Pabna Babu Ashutosh Dutt, S.D.O., Sadar Pabna, Mr. T. J. Y. Roxburgh, I.C.S., S.D.O., Sirajganj, Moulvi Mahammed Mahmud, Joint Registrar of Industrial Societies, Khan Saheb Moulvi A. K. Kabiruddin Ahmed, Joint Registrar, Naogaon, Babu Shadashiya Mitra, Chief Manager, Tarash Estate, Pabna and other leading gentlemen from Parshodanga, Salap and Banowarinagore were present.

Sir Deva Prosad Sarvadhikari who was expected to grace the occasion was unavoidably absent. This caused disappointment to a large number of the members of the Conference who were eager to meet such a great friend of the movement.

A big Pandal was erected in front of the Bhanguria Dak-bangalow and in its front was constructed a triumphal gate with the co-operators' motto "All for one and one for all" inscribed on it and Bhanguria being a village without pacca buildings, the promoters of the Conference had to put up several tents on the maidan to accommodate the distinguished visitors. Most of the visitors came early in the morning and when they landed they were

received by the Circle Inspectors with a band of volunteers recruited from amongst the Rural Societies and Supervisors. Arrangements of trolly and elephants were made for conveying the distinguished visitors from the Railway Station to the Pandal which is about a mile off. The spacious Pandal was filled to over-flowing and at the modest computation over three thousand people were present. Before the Conference began the Registrar went round and talked freely with the members in their own vernacular which was highly appreciated. He also closely inspected the books of some of the industrial societies and offered many valuable suggestions. Khan Bahadur Moulvi Wassimuddin Ahmed proposed that Rai S. C. Sen Bahadur, the Collector of Pabna, should take the Chair, which was duly seconded by Rai Sahib Tarak Nath Maitra.

The President then addressed the Conference and urged on the members the importance of the Co-operation and value of Co-operative Stores. He called upon the Secretary of the Conference to read his report.

The Secretary Moulvi Abdur Rahman Khan, M.A., Inspector of Co-operative Societies, North Pabna Circle then read out his report in which he gave a brief history of the progress of the Co-operative Movement in the North Pabna Circle and possibilities of further improvement. He also indicated the way in which the co-operator should proceed to bring about a Co-operative Millenium. Among other things, he urged for the scientific method of agriculture, establishment of industrial societies and graneries, improvement of cattle stock, maintenance of breeding bulls in important centres and organisation of sale and supply societies. He then emphasised the desirability of establishment of a pure type Central Bank at Bhanguria.

Rai Indu Bhusan Bhaduri Bahadur then in clear and lucid language explained to the members the utility and risk of unlimited liability.

Babu Makhan Lal Chakravarty, a teacher of Pabna Institution then read a lengthy paper on Samabayer Shaphalata or "the Success of Co-operation" in which he emphasised the necessity of forming agricultural associations on co-operative basis.

Then Moulvi Mirja Yusaf Ali Khan spoke at length on the building up of village funds.

Next, Khan Bahadur Moulvi Wassimuddin Ahmed in a thrilling speech showed clearly by facts and figures how the cultivators became losers by disposing of their raw materials at a cheaper rate and then purchasing the finished product at a higher rate. He also exhorted the members to take to subsidiary occupation, i.e., making of sacks etc. in the event of failure of crops.

Mr. J. K. Das Gupta, the District Engineer, spoke on the utility of introducing the labour-saving appliances in weaving societies in order to stand competition with Manchester and other foreign countries.

Then some of the members of the rural societies addressed the Conference on the benefit of deposits by members and establishment of a local Central Bank which was highly appreciated.

Ayanuddin Fakir a member of a Rural Society, spoke on the promotion of thrift and another member spoke at length on the importance of the *Musti Chaul* system of deposit by the poorer members. Ketabuddin Sarkar another member spoke about the utility of co-operation to poor people. Lastly a fisherman spoke about the great benefit of the co-operative movement has conferred on fishermen. By Co-operation, he said, they have been able to avoid the encroachment on their income by middle men, and with better organisation along co-operative lines they hoped to reap many more advantages to their business.

Last of all Babu Surendra Nath Bhoumic, Head Master of the Salap H. E. School, exhibited good-sized potatoes and showed how the cultivators can recoup the loss on the failure of their crops by the cultivation of potatoes.

The president then presented on behalf of Bengal Co-operative Organization Society two silver watches to two indefatigable Secretaries, Munshi Ketabuddin Sarkar and Munshi Jilimuddin Khan, for the pains taken by them in improving their respective societies.

A resolution was then moved for the establishment of a pure type Central Bank at Bhanguria which was carried unanimously.

Then Rai Sahib Tarak Nath Maitra proposed vote of thanks to the Chair and also to the distinguished visitors who graced the Conference with their presence which was duly seconded by Khan Bahadur Moulvi Wassimuddin Ahmed.

Proceedings then terminated with a concluding song. The members were then photographed

The members took advantage of this occasion to pay over eleven thousand rupees to the Central Bank. In recognition of these splendid endeavours of the poor members of these Rural Societies, the Registrar announced amidst applause that he would recommend to the Government Rs. 1,500 for the erection of a godown for storing oilseed for the Kolu Societies and a further sum of Rs. 1,000 for the organisation of a dyeing concern for the benefit of the Weavers' Societies of Pabna.

In the evening a lecture on rural sanitation, with the aid of magic lantern slides was given at which more than three thousand members attended. Rui Sahib Tarak Nath Maitra explained to the members in a very homely language how they could keep from cholera, small-pox, hook-warm, dysentery, malaria and other diseases by attending to the unexpensive rules of sanitation.

The success of the Conference was due to Babu Suresh Chandra Choudhuri, Zeminder of Parshodanga, who undertook feeding the guests both in European and Indian styles, also to Rai Khitish Bhusan Roy Bahadur who rendered most substantial help by bearing the major portion of the preliminary expenses. Some of the members of the Co-operative Societies expressed their indebtedness to Babu Suresh Chandra Choudhuri for a free gift of three bighas of land for erecting a building for the accommodation of the Circle Inspector and location of the proposed Central Bank Office and the granary for the storing of oil-seeds.

Babu Harendra Lall Chatterjee, B.L., Sub. Dy. Collector, in charge of the Co-operative Societies in the Pabna Sadar Subdivision, Moulvi Abdur Rahman Khan, M.A., Inspector, Co-operative Societies, North Pabna Circle, and Babu Nani Gopal Mitra worked days and nights for several days to render the Conference a success. No less was the success due to the power of organisation displayed by Khan Sahib Kabiruddin Ahmed, Joint Registrar, Rajshahi Division and of his Divisional Auditor Babu Bata Krishna Das. To each of whom and to Prof. P. Mookherjee, Hon. Secretary, Bengal Co-operative Organization Society, the best thanks of the Reception Committee of the Conference is due.

Conferences of this sort, held near the homes of the Society-members and so largely attended by them are much more useful in infusing the co-operative idea far and wide than formal Provincial Co-operative Conferences attended by a few representatives from each district. In every respect the Bhanguria Conference has been a grand success. It has taught the members of different Societies to discuss matters of commoninterest to them all and to work together, it has elicited the sympathy of the Zeminders of Pabna towards the Co-operative movement, and above all, it has shown to the public how individual poor people by combining together for mutual good and self-help, can organise such a big Conference with the help of his rich and educated neighbours.

## 2. A Conference of Representatives of Calcutta Co-operative Societies.

A meeting of representatives of the different co-operative societies in Calcutta and suburbs, under the chairmanship of Mr. J. T. Donovan, I.C.S., Registrar of Co-operative Societies, Bengal, took place at the Ram Mohan Library Hall on the 6th of March, last to consider proposals for starting a co-operative store for the members of the societies in Calcutta.

Mr. T. C. Roy, Joint Registrar of Co-operative Societies, opened the meeting, with the following speech—

This conference of the co-operative societies in Calcutta has been called to consider the question of a co-operative store to cater for the members of the societies. That was the object mentioned in the letter inviting you to this conference. It was subsequently suggested that we might take advantage of this opportunity to discuss the question of an urban Central Bank in Calcutta to serve as balancing centre for the primary urban societies. That item has been put on the agenda of this meeting, and if you have no objection, may also be discussed to-day.

Gentlemen, it is for you to decide, whether you will have the proposed store and the proposed central bank. But I should like to say at the outset that it would be no use going in for either, unless you mean to be loyal to it—I mean, unless you mean to make your purchases from the store, and to make use of the Central Bank. A co-operative store is not intended for the investment of

your funds. Its object would be to supply you with your necessaries. From your own store, you can expect to have good things at a reasonable cost. You cannot rely on the shop-keepers in the bazar for the purity of your food-stuff. The object of the shop-keepers is to make profits. You know from your experience that they are not over-scrupulous in regard to purity in their anxiety to make profits. Then there is the question of price. They demand any price at which they can sell. Your own store will fix prices in consideration of the cost. Your store will no doubt be open to the outsiders,—those who will not join it as members, but it will not be meant for them. It will be your own store, the store of every body, who will join it, and it is expected that you will regard it as your own, as your own agent for supplying your necessaries.

As for the Central Bank, it is intended to relieve those societies, that have funds lying idle, of those funds and lend them out to others that need them. If none is in need, the Central Bank will invest them in such ways as may be determined.

I would now invite you to discuss these two questions. I have no doubt you will receive immense help in your deliberations from Mr. J. T. Donovan, Registrar of Co-operative Societies, Bengal, who has kindly consented to preside over this meeting. I have the pleasure and the privilege now to formally propose that Mr. Donovan do take the Chair. I have no doubt that the proposal will meet with your approval.

Mr. J. T. Donovan delivered the following address—Gentlemen,

When the idea of this conference was first mooted I welcomed it because, even if nothing beyond your meeting together results from it, some good will have been done. You will get some idea of your unknown strength. How many of you here realized before to-day that there are nearly 20,000 members of the 25 or 26 societies in Calcutta which go to make up this conference? How many of you realized before to-day that the 25 or 26 societies in Calcutta, whose representatives you are, had in June last a working capital of over 20 lakhs of rupees, of which 8 lakhs was share capital paid up by the members themselves and 7 lakhs deposits from members' savings and about 5 lakhs deposits from outsiders?

Do you realize now how strong you are, representing nearly 20,000 members and over 20 lakhs of capital of which nearly 16 lakhs is your very own?

Let me trace your history and growth for a few years back. In 1012—we shall not go further back,—there were 10 societies with 3,074 members and a working capital of 2.03 lakhs. In 1913 there were 13 societies with 5,093 members and a working capital of 4.67 lakhs. In 1914 there were 14 societies with 6,339 members and 6.54 lakhs as working capital. In 1915 there were 15 societies with 7,475 members and 9.02 lakhs of working capital. In 1916 there were 20 societies, 11,583 members and 12.52 lakhs of working capital, of which in shares, deposits and reserves nearly 11 lakhs belonged to members themselves. In 1917 there were 21 societies and 12,050 members with a working capital of 14.61 lakhs of which over 12 lakhs belonged to members. there were the same 21 societies with 15,220 members and 17.90 lakhs of working capital of which nearly 15 lakhs were the members' own. In 1919 as I have told you there were 24 societies, 17,533 members and a working capital of 20.33 lakhs of rupees, of which nearly 16 lakhs belongs to members. To-day your figures must be nearly 20,000 members and well over 20 lakhs of rupees. Your reserves exceed a lakh and of 20.54 lakhs on loan only a few thousands are overdue for repayment.

In the three years ending in June last these 20 odd Calcutta societies made loans of over 55 lakhs of rupees to their members and received back in repayment nearly 47 lakhs of rupees. The average rate of interest charged for these loans is about 9 per cent. per annum and you know if you had to borrow from the Kabuli or the ordinary money-lender the rate would be nearer 90 per cent. Taking the ordinary rate as even 25 per cent. you have been saved 14 per cent. for a year on 55 lakhs of rupees, or over 7 lakhs of rupees in all. Indeed I am sure in these three years you have been saved much more. That is one of the difficulties about our work; we have no means of measuring the good results that it brings about.

Not only have you saved enormous interest on over ½ a crore of rupees in 3 years, but you have also saved up a sum of 16 lakhs of your own—and this in spite of hard times like the present.

You are not people who can save much out of your salaries. Probably that 16 lakhs has been saved from the money-lenders and probably my estimate of 7 lakhs saved in interest was very much below the mark.

I could give you more figures and combinations of figures to prove your strength but I have not time and I think I have perhaps said quite enough to show that you represent very strong, strong in membership and financially strong organizations. Let me add that I believe that the 20 odd Calcutta societies are probably among the best co-operative credit societies in India and in fact I am sure they would compare favourably with any group of co-operative societies in any city in the world. This preeminence of course is only as it should be, for Calcutta is the second City of the British Empire.

From year to year as I have studied the figures of your societies and watched their growth I have felt what a pity it is that you did not know more about each other. That is why I suggested this conference.

You are all very busy people indeed. We know what life in a city like this for men like you is. There is very little time for aught else but work. For this reason you have not been able to reap more of the benefits of co-operation perhaps. For this reason I am especially grateful to you for coming here to-day. Your hours of leisure are few and it is a good sign that you are prepared to devote some of them to the cause of co-operation on an occasion like this.

Now my idea in getting you together is to see if we cannot push your co-operation a stage further. You know that unity is strength. You have proved it in your societies. It applies equally to the societies as to the members. If your societies can combine they will gain strength. I am aware there are difficulties in the way of combination but you may be able to overcome them. Even if you are not, at least as a result of this meeting you will have a better knowledge of each other and of the strength of the movement in Calcutta.

When the conference was called the chief subject mentioned was the desirability of combining, or at least of forming a new society recruited from among you all, to supply the necessaries

of life to yourselves. Even co-operators are human and have human needs. You will not therefore be insulted by the appeal to your appetites with which the proposal of a co-operative store was made in order to get you together here.

These are hard times. There used to be a lot said of a class of people who were called nouveaux-riches or new-rich and to-day we hear a lot of the new-poor. Well we here in this hall are the new-poorest. We are salary-earners who cannot and do not go on strike for a higher rate of wages. Nor can we look for dividends of 100, 200 and 250 per cent. such as you see daily declared on the newspapers. All we can do is to try and make ends meet, to try and keep body and soul together. The manufacturer, the trader, the landlord pile on their charges. We have to meet them; we get no increase of pay to do so, or if we do get an increase it is almost negligible or of the Irish variety, the kind of improvement that is represented by cutting a piece out of the tail of your shirt to repair the body of it.

How are we to meet the profiteer and the dishonest dealer? We can do this effectively only by combining in the co-operative spirit, "All for each and each for all."

There are nearly 20,000 members in the co-operative societies in Calcutta. Allowing for the members of the postal and railway and other societies of that nature there are perhaps only 10,000 of these living in Calcutta or its suburbs. Now it is not an excessive estimate to say that each of these 10,000 members spends Rs. 10 a month on articles of diet alone for himself and his family. If we could make a store to supply these articles we should have a business of a lakh of rupees per month or 12 lakhs a year. If you add clothing for each man and his family at even Rs. 25 a year you have another 2½ lakhs. Now a business that would turn over 14 or 15 lakhs in a year would be no small affair. There would be good profits in it. You would be assured of good quality and honesty and all the profits would be your own.

This proposition is worth considering. There are many details of course which would have to be worked out. You cannot deal with them in a meeting like this. All you can do here is to approve of the consideration of the proposal and appoint a committee to work out the details. The committee would have to consider

the management of such a business, the location of the store and the necessity of branches, of a V. P. P. system, finance and many other matters of importance. This then is what I would advise you to Appoint a representative committee of men who are willing and able to give some time to considering the details. They can meet in my office, in the library there, or in any other suitable place. The department will give any assistance it can but the committee must remember that this is a case of self-help and that the department has limited experience of this work. They must rely mainly on themselves. All I would like to emphasize here is that it must be a case of self-help, pure and simple, that you must in this, stick closely to the principles of co-operation, that you must finance the undertaking vourselves and from your societies perhaps, that you must run your business on a cash sale system, that only those who are prepared to be loval to the society and to stick to it in the beginning when opposition will be greatest and the task most difficult, only such men should join. If you can get 10,000 men each to pay up even one share of 10 rupees each and 25 societies to take up shares as well you will not have much difficulty in raising the capital necessary for the undertaking. You have made your co-operative credit societies a colossal success. Ten or fifteen years ago who would have imagined that your working capital to-day would approach a quarter of a crore? Perhaps we are now sowing the seed of something greater still than the credit organization and perhaps in ten years' time your record of success in distributive co-operation will eclipse your splendid record in co-operative credit.

After some discussion in which a large number of representatives took part, the following Resolution, moved from the Chair, and seconded by Babu Chandi Charan Mukherji, was unanimously adopted—

"That we consider it desirable that a Co-operative Store for the members of Co-operative Credit Societies and others in Calcutta be organized and with a view to further the organization each credit society in Calcutta be asked to name a member for a Committee to be called to meet by Babu T. C. Roy to work out the details of the society and to draw up rules and bye-laws."

# THE SECOND ANNUAL REPORT OF THE NAOGAON GANJA CULTIVATORS' CO-OPERATIVE SOCIETY, LIMITED.

The Members of the Managing Committee have much pleasure in presenting before you their Second Annual Report on the working of the Naogaon Ganja Cultivators' Co-operative Society, Limited, which by the grace of God having successfully completed its second year's working on the 30th September, 1919, has with even brighter hopes entered into the third year of its existence.

## ADMINISTRATION AND STAFF.

As resolved in last year's General Meeting the management of the Society was vested in a Committee of 36 Members 13 from each of the 3 circles in the ganja mahal with the Sub-Divisional Officer of Naogaon as Chairman The Directors are grateful to Rai Ramesh Chandra Dutt Bahadur, late Chairman, for the keen interest he took in the work of the Society. There were 16 sittings of the committee during the period under review. The Registrar of Co-operative Societies, Bengal, was present at two of its most important sittings. Khan Bahadur Maulvi Ataur Rahaman, the then Joint Registrar of Co-operative Societies, attended several of its meetings.

Babu Sukumar Sen who had acted as Manager of the Society in the 1st year continued in his office during the period under report. As in the last year, 8 clerks assisted him in his office work. Maulvi Khorshed Alam Choudhury worked as Assistant Manager from the 7th February to 30th September, 1919, when he took over charge of the duties of the Manager from Babu Sukumar Sen who went on leave. The menial establishment consisted of 10 peons and orderlies as before.

# MOFFASSIL AGENCY.

There were 44 Agencies in Bengal last year and one more was added during the year. In these Agencies the Society maintains 45 Agents of whom 8 are Central Bank Clerks, 25 are Clerks of Liquor Contractors, Messrs. Carew & Co., D. Waldie & Co., and

Haji Ismail & Sons., 10 are Government employees. These are part time servants of the Society. The remaining one is the Society's own employee designated as Assistant Manager who is in charge of Russa Gola in Calcutta.

The reputation of the society spread so widely that the Commissioner of Excise, Assam, was pleased to offer the Goladari of Sylhet District to our Society and with the permission of the Registrar of Co-operative Societies, Bengal, it was accepted on condition that the society would maintain 5 Agencies in the district and sell ganja at the rate of Rs. 140 per maund to the retail venders. As in some Agencies in Bengal, the Society has obtained permission to use the golas of all the five Agencies free of rent. The employees of these Agencies who are all Government servants get an allowance of Rs. 10 each per month from the Society.

#### MEMBERSHIP AND SHARE-CAPITAL.

During the year 370 shares were withdrawn by 22 members. On the other hand the number of share-holders increased by 195 during the year, each new member purchasing one share. The share capital of the society on the 30th September 1919 was Rs. 30,110 and the number of fully paid shares was 3,011.

Five shares were forfeited to the society as provided in Bye-Law No. 18 during the year under report, their holders having been convicted under the Excise Law.

## STORAGE AND GRADING.

6,987 mds. 38 srs. 12 chs. of ganja were stored during the year of which 5,789 mds. 13 srs. 13 chs. were flat, and 1,192 mds. 30 srs. 15 chs. round and the remaining 5 mds. 34 srs. were rejected as bad stuff and destroyed. The ganja stocked was classified by the grading committee consisting of 12 members of the society other than the members of the Managing Committee with the Manager as their Chairman. The result of the classification was as follows.—

| 1st Class | 3,417 | ınds. | . 39 | srs. | 12 | chs. |
|-----------|-------|-------|------|------|----|------|
| 2nd ,,    | 3,343 | ,,    | 5    | ,,   | 3  | ,,   |
| 3rd ,,    | 3220  | ,,    | 39   | ,,   | 13 | ,,   |
| Rejected  | 5     | ,,    | 34   | ,,   | 0  | ,,   |

Against the decision of the grading committee there were ror appeals from the ganja growers and 159 appeals by the Society before the Sub-Divisional Officer as provided in the Bye-Laws of the Society. Of these 24 and 119 respectively were allowed.

# PURCHASE AND SALE OF GANJA.

When the Society came into existence the ganja growers realized that they would get paid for all the ganja they could produce and they took all possible care to produce as much as they could. In the first year the society had to purchase 8,149 mds. of ganja of which only 6,349 mds. were sold up to the 30th March, 1919 leaving a balance of 1,800 maunds. After the flood of September 1918, it was apprehended that there would be a shortage in the next crop so the Excise Authorities, after consultation with the Registrar of Co-operative Societies, Bengal, issued licenses for an additional 250 bighas to safeguard the Government revenue. Instead, however, of a shortage there was a bumper crop and the quantity of ganja actually produced in 1919, was 6,987 maunds, which exceeded the estimated quantity very considerably.

The Society had to purchase the whole quantity at a cost of Rs. 4,55,576-3-3. There was thus a total quantity of 8,787 maunds of ganja (new and old) in stock on April 1, 1919. Of this 934 maunds of old and 2,217 maunds of new ganja were issued by the 30th September and 2,400 maunds of the 1919 crop are expected to be sold by 31st March, 1920. Thus a balance of about 866 maunds of the 1918 crop and 2,300 maunds of the 1919 crop less about 75 maunds allowed wastage, siftings, etc., will remain on the 1st April, 1920, when the fresh crop will be stored.

During the year under report the society received Rs. 7,57,917-4-3 as sale proceeds of ganja in cash and Rs. 41,668-4-0 (since realized) was due from the Bengal Treasuries where retail vendors credit the cost price. To meet the price of ganja paid to the cultivators in cash in April 1919, the society had to borrow Rs. 1,61,000 from the Bengal Provincial Co-operative Federation, Limited. The outstanding loan due to the Federation from the year preceding was Rs. 1,90,359. Out of

this debt the Society repaid Rs. 1,51,359 to the Federation, leaving a balance of Rs. 2,00,000:

## PURCHASE AND SALE OF BHANG.

The Society imported 694 maunds of bhang during the year for the Bengal Supply and it had to pay Rs. 3,376-0-6 as its cost price. It received Rs. 21,981-4-0 in cash as the sale proceeds of bhang during the year. Rs. 3,636-14-0 which has since been realized was outstanding at the close of the year under report.

#### REWARDS FOR EARLY STORAGE.

It so happened that in January last the stock of round ganja entirely ran out and the society could not meet the demand of the agencies in Bengal as well as of the *goladars* in other Provinces for this particular kind of ganja. In order to encourage the early storage of round ganja, it was therefore found advisable to announce a reward of Rs. 5 per maund for the first 200 maunds of round ganja brought into the Public Warehcuse.

# OFFICE BUILDINGS AND LAND ACQUISITION.

The office of the society was located in a hired house at a monthly rent of Rs. 35/-. It has since purchased a building known as the "Saraikhana" at a cost of Rs. 7,000 and its Office is being held there since the beginning of the current year.

A sum of Rs. 5,500-15-7 was paid as the cost of land acquisition. Possession of the arable portion of the land has since been delivered under section 17 of the Land Acquisition Act and the foundation stone of a new Office Building was kindly laid by S. C. Mukherjee, Esqr., I.C.S., Commissioner of Excise and Salt, Bengal on the 1st December, 1919. On the completion of the new building the Office will be removed there and the purchased Sarai Building will be used for other purposes.

# MAINTENANCE OF EXCISE STAFF.

In return for the grant of the exclusive privilege of supplying ganja and bhang by wholesale under Section 22 of the Bengal Excise Act (Act V of 1909) as amended by the Bengal Excise Amedment Act (Act VII of 1914) the society is liable to abide by all the

conditions setforth in the grant referred to above, and the conditions of the license necessary under the aforesaid Act, and to carry out ail instructions of the Government of Bengal in regard to the conduct of its business, the construction and maintenance and hire of chattras (enclosures temporarily constructed for the manufacture of ganja) and the contribution of sums to the maintenance and housing of a preventive force in and about the ganja mahals situated in the Sub-Division of Naogaon and any other charges prescribed by the said Government and the prices at which ganja (grown by the cultivators in Naogaon) and bhang (imported from the district of Bhagalpur) are to be purchased and sold. these conditions the society is at present paying for the maintenance of the preventive staff and for their housing. During the year under report Rs. 16,198-4-0 was paid to Government for the said purpose and the society bears the rent of the houses of the Superintendent of Excise posted at Naogaon and the Gola Sub-Inspector which amounts to Rs. 50 a month. The Society spent Rs. 6,669-5-0 in constructing chattar fencing and sheds for the retty officers of the Excise Department.

The chattars were lighted with 30 street lamps which were purchased at a cost of Rs. 690-7-0 The oil, wicks and chimneys were supplied by the Society.

## WORK OF BENEVOLENCE.

As set apart from last year's profit the sum of Rs. 1,000 was contributed to the King George's Sailors Fund. It is very gratifying to be able to reproduce here the copy of a letter written by H. E. the Governor of Bengal to the Registrar of Cooperative Societies, Bengal, in acknowledging the receipt of the amount.

"I have just received through you a cheque for Rs. 1,000 for "King George's Fund from the Members of the Naogaon Ganja "Cultivators' Co-operative Society; and I hasten to let you know "with what pleasure I have accepted this handsome gift for the "fund. That the society should have thought of devoting any "part of their profits to such an object has touched me deeply; and "I trust that you will not fail to make known to the subscribers my "deep personal appreciation of this striking example of thought-

"fulness and generosity on the part of the cultivators of Naogaon. "The Sailors of the Empire will be proud to learn that the services "which they have rendered to the peoples of all parts of His "Majesty the King Emperor's dominions have been thus recog-"nised by the villagers of a distant district of Bengal."

A special indoor ward in the Naogaon Charitable Hospital has been built with the sum of Rs. 5,000 given by the Society. Out of Rs. 15,000 set apart for the spread of education Rs. 7,000 has already been spent on Secondary Education and arrangements are being made in consultation with the Education Authorities to make the best use of the balance of Rs. 8,000 on Primary Education. The sum of Rs. 1,500 allotted for the improvement of communications has been made over to the Naogaon Local Board. Rs. 2,400 set apart for other charities, Rs. 1,000 was given to the Naogaon Coronation M. E. School and the balance was utilised in distributing cloth among the poor in the ganja mahal. Arrangements are being made to start a Charitable Dispensary at Kirtipur with the sum of Rs. 12,000 allotted for the purpose. With the approval of the Registrar a sum of Rs. 604-10-3 was spent for making bunds in the ganja mahal to protect the land of a large number of ganja growers from inundation and also a sum of Rs. 100 was paid to the Victory Celebration Fund. These sums will have to be provided for out of the profit of the year under report.

The Society is systematically financing the Central Bank with the object of spreading Co-operative Credit Societies amongst the cultivators within the ganja mahal as well as outside the area. This has given much relief to the members of the village societies, though it brings no pecuniary gain to this society, as it lends at the same rate at which it borrows from the Federation. For the improvement of indigenous home industries the society has lent the services of a clerk to the Central Bank, which has organised some industrial societies amongst the weavers in this Sub-Division. Towards the end of the year under report the members of the Society decided to start a Co-operative Supply and Sale Society for the purpose of purchasing their daily necessaries of life and selling their agricultural produce. Our Society lent Rs. 11,775 to the Supply and Sale Society during the year.

#### PROVIDENT FUND.

The benefit of the Provident Fund has been extended to all the employees of the Society.

## INVESTMENT.

The Society purchased Rs. 30,000 worth of shares in the Federation and has also bought War Bonds worth Rs. 40,000. The Naogaon Central Co-operative Bank owed Rs. 52,400 and the Supply and Sale Society Rs. 11,755 to our Society on the 30th September, 1919, besides which it had Rs. 17,984-12-8 in current deposit account in the Federation.

#### OFFICIAL VISITS.

We are grateful to the Registrar of the Co-operative Societies, Bengal, who has visited the Society several times. Mr. Abdul Majid Khan, Registrar of Co-operative Societies, H. E. H. Nizam's Dominions, took the trouble of coming over to Naogaon to see the working of our Society in February 1919 and he was pleased to interview some of the members of the Society. The Society is indebted to A. Cassells, Esqr., I.C.S., late Collector, Rajshahi, in no small degree for his constant help and valuable instructions.

# RELATION WITH EXCISE STAFF.

The relations of the Society with the Excise Staff, have been very cordial. The Society is grateful to Babu Tarakeswar Bhattacherjee, the Excise Superintendent of Naogaon for the valuable advice given by him from time to time. Babu Rajendra Nath Sen, the Officer-in-Charge of the Warehouse, also rendered constant help by allowing heavy issues to meet emergent indents. We are indebted to S. C. Mukherjee, Esqr., I.C.S., the present Commissioner of Excise and Salt, Bengal, as to his predecessor, for his kindness and sympathy and his keen interest in the welfare of the Society.

# DEVELOPMENTS.

Owing to the growing importance of the Society and its activities in various important directions the Registrar of Co-opera-

tive Societies suggested to the Directors the appointment of a paid Deputy Chairman. Accordingly the Directors decided in a meeting in June last to appoint Khan Bahadur Moulvi Ataur Rahaman the then Joint Registrar of Co-operative Societies on a salary of Rs. 1,000 per month and requested the Registrar to move the Government for his deputation to this Society. Government Order transferring the services of the said officer on a monthly salary of Rs. 850 came towards the end of the year and the officer did not actually join till after its close. The work of the Society is gradually expanding in many directions. A Veterinary Assistant has been appointed on Rs. 75 a month with a fixed travelling allowance to look after the cattle of the members of the Society. He is also making preliminary enquiries with a view, to starting a Cattle Insurance Branch of the Society. Though the Supply and Sale Society is a separate registered institution, in actual work it may be considered as an adjunct to the Ganja Cultivators' Co-operative Society-most of its members being members of our Society. Our Society is helping the development of the local industries through the Supply and Sale Society and through the Central Bank. The Society is contemplating the investment of a part of its reserve fund in the purchase of about 30 acres of land in order to start a Model Agricultural Farm for the improvement of agriculture amongst its members. With the fall in the consumption of ganja, the area of its cultivation is curtailed and the cultivators are introducing other valuable crops, such as tobacco, sugar-cane, etc. The farm should prove of great utility in connection with these new crops.

In the year under report several varieties of the Rangpur tobacco and Sumatra tobacco seeds were distributed amongst the members and the result of this experiment is eagerly awaited. Sugar-cane cultivation is finding favour with the cultivators and the Agricultural Department have kindly agreed to supply them with Tana cane cuttings for introduction in the mahal. For the close supervision of all these important developments a highly paid whole time officer was desirable and we can congratulate ourselves that Khan Bahadur Moulvi Ataur Rahaman, who is not unknown to any one of us, joined the services of the Society on the 16th October, 1919.

#### Conclusion.

The Managing Committee presents the Audited Balance Sheet of the Society with a statement of profit and loss to the General Meeting. The Accounts were audited by Babu Bata Krishna Das, Divisional Auditor, under orders of the Joint Registrar of Co-operative Societies, Rajshahi Division. in the profit of the Society during the year is due to the fact that the Society had to purchase in two successive years more ganja than it could reasonably dispose of and so about 1,000 mounds had to be completely written off as unsaleable, while a very great depreciation had to be allowed for over 2,000 maunds. enable the Society to declare a bonus for the encouragement of the members, the Directors propose to draw upon the sum of Rs. 37,000 set apart last year for depreciation and price equalization fund. This being added to the profit of the year enables the Directors to propose that a bonus of Rs. 20 per maund be declared. amount of profit may be distributed as follows:-

- 1. Reserve Fund Rs. 39,362.
- 2. Dividend at the rate of Rs. 121/2 per cent., Rs. 3,763-12 0.
- 3. Bonus at the rate of Rs. 20 per maund, Rs. 1,39,740.
- 4. To Charity:-
  - (a) To the Registrar of Co-operative Societies, Bengal, to help the Co-operative Movement, Rs. 3,000.
  - (h) For equipment of the Co-operative Ward in Naogaon Hospital, Rs. 1,000.
  - (c) For making Bunds in ganja mahal, Rs. 1,000.
  - (d) To Chakla and Chakatita Schools, Rs. 3,000 (distribution to be made by the Sub-Divisional Officer according to the needs of these institutions).

From the balance sheet it will appear that Rs. 966-4-9 was last year allowed in excess to the bonus fund and Rs. 536-11-3 short to dividend fund. We recommend therefore that the short allotment may be reappropriated from Rs. 966-4-9 stated above and the balance carried forward to next year.

(e) Balance to be carried forward

As the Society is required from year to year to purchase more ganja than what it can dispose of in order to ensure sufficient supply, the Society has approached the Commissioner of Excise and Salt, Bengal, with a prayer to increase the sale price of ganja by As. 8 per seer and it is hoped that this concession will be granted. The Directors would impress on the members the necessity of producing ganja superior in quality to that produced last year so that the Society may prove worthy of this favour which it seeks from Government through the Excise Commissioner.

## **EXTRACTS AND SELECTIONS**

## 1. Police Co-operative Society in Calcutta.

The establishment of a Co-operative Society in the Calcutta Police has been decided by the Commissioner of Police to take effect from the 1st proximo, with a capital of Rs. 50,000 divided into 5,000 shares of ten rupees each with a view to encourage habits of prudence, thrift, self-help and co-operation among the members of the force and to create funds to be lent out or invested for its members or for their benefit. Every permanent member of the Imperial Service, Provincial Service, Subordinate Police Service including Constabulary, Calcutta Fire Brigade, Ministerial Department administered by or borne on the books of the Calcutta Police, will be eligible as a member of the Society.

Every member will be eligible to obtain a loan ordinarily not exceeding a sum equal to three months' pay at an interest not ordinarily exceeding Rs. 9-8 per cent. per annum but no member belonging to the Imperial Service will be eligible to obtain any loan from the Society, so that the value of the shares purchased by them may be well and freely utilised in advancing loans to other members. The main object of the Society will be to help its members, especially constables and head constables in getting loans for legitimate purposes at a considerably cheaper interest and thus saving them from the extortions of usurious money-lenders.—Englishman.

# 2. Police Co-operative Society in Rangoon.

A meeting of all ranks of the Rangoon Police, under the chairmanship of Mr. H. C. Nangle, the Commissioner, was held the other day, when it was decided to form a co-operative society, its objects being mutual assistance in the case of death, illness, or financial difficulty. Although it was originally intended that the society should be open only for officers of the Rangoon Police, it was decided at the meeting that officers of the district police resident in Rangoon would be eligible for membership on the same terms as members of the Rangoon Police. The necessary formalities were completed at the meeting and the papers have now gone to the Registrar of Co-operative Societies at Maymyo with an application for registration of the society. The membership of the society is at present over forty and applications are coming in steadily. It is expected, I understand, that the membership will shortly reach 150. Membership is open to men of the rank of head constable and above. The proposal to form the society originated with Inspector H. W. W. Jennings, who has worked hard and is to be

congratulated on the successful termination of his efforts. Inspector Jennings is the Honorary Secretary of the society. This society is likely to fill a long-felt want inasmuch as, owing to the inadequate pay of the officers of the Rangoon Police, the men have little chance of putting anything aside for emergencies. A long illness or a death in a family means heavy bills, and the society, having as one of its objects the advancing of money to members in financial difficulties, will save them from getting money from money-lenders at an exhorbitant rate of interest. When the time to retire comes the society will provide a small sum of money, enough to carry on while the man is looking around for something to do wherewith to supplement his pension.—Commerce.

#### 3. The Bombay Co-operative Wholesale Society.

The establishment of a co-operative wholesale society in Bombay, and the organisation, in connection with it, or a system of co-operative retail stores throughout the Presidency, is an extension of the co-operative credit movement which has long been under discussion and has received the warm encouragement of His Excellency the Governor. The preliminary steps have now been completed and a subscription list will be opened to-day for the Bombay Co-operative Wholesale Society, Ltd., with a capital of one lakh, divided into ten thousand shares of ten rupees each, the shares being payable on application. The chairman of the first board of directors is the Hon, Mr. Purshotandas Thakurdas and there are eleven other directors chosen for their knowledge both of trade and of the co-operative credit movement. The prospectus calls attention to the prevailing dissatisfaction caused by profiteering and dishonest trading in the necessities of life and says people are beginning to ask themselves why they should not follow the example of England and similarly form themselves into societies for the purchase and distribution of their own supplies. The co-operative wholesale society is being inaugurated to give effect to this plan on an extended scale.

#### PLAN OF WORK.

There are 35 registered co-operative stores in the Presidency and their number is expected to rise to 100 within the next few weeks. There are also 34 handloom weavers' societies for buying yarn and selling cloth, 21 societies for buying cakes and fish manure and 15 for the sale of gul, kapas and other agricultural produce. The co-operative stores movement has thus already gained a footing in most useful and practical directions. The societies already engaged in it are, however, regarded as still too few to justify the organisation of wholesale co-operative stores on ordinary lines and it has, therefore, been decided to organise in the first instance a wholesale co-operative agency doing business on the Adat system and on a cash basis. The agency will charge actual prices, out of pocket expenses and

reasonable trade commission to cover cost of management. The profit will be devoted to paying dividends up to 6¼ per cent. on the shares and the remainder will be distributed as rebate to co-operative societies in proportion to their purchases during the year. The society will deal in a few of the main necessities of life that can be purchased wholesale in the city of Bombay. Its office is at Sardar Building, Apollo Street, and applications for shares should be made there on the proper application forms before Saturday, 28th February.—Times of India.

#### 4. Co-operative in Hyderabad.

The Report of the Working of the Hyderabad Co-operative Department during the past year is in some respects a remarkable record. The co-operative movement was started in the Nizam's Dominions at a most unfavourable period—in war time—and when the crisis of Indian joint stock banks was at its height. The year itself was one of agricultural distress; the cotton crop was ruined by untimely rains and a subsequent drought played havoc with food grains. There was an epidemic of plague, and prices were so high as to threaten famine. It seems somewhat paradoxical, therefore, that the co-operative department reports really good and satisfactory progress in all its branches, and the fact that it can do so may be taken as proof of the keenness with which the people have taken up co-operation and of the completeness with which they have realised that it is the only means by which they can free themselves from the clutches of the money-lender. How considerable that progress was may be judged by the increase in the total number of all classes of societies which took place during the year. These rose from 295 to 616, and their membership also more than doubled, 6,255 to 15,186.—Madras Mail.

# APPOINTMENTS IN THE CO-OPERATIVE DEPARTMENT

Copy of Government Order No. 585, dated the 17th January, 1920, from the Secretary to the Government of Bengal, Revenue Department, Agriculture Branch, to the Registrar of Co-operative Societies, Bengal.

I am directed to refer to your letter No. 565 T. C., dated the 17th August, 1919, with which you forward a copy of the following resolution passed at the Tenth Provincial Conference of Co-operative Societies:—

"That up to the grade of Inspectors promotion should be made from the lower grades of the Co-operative Service; that the higher appointments might be thrown open to outside men as well as to the inspectors, preference being given to the latter, other things being equal."

You commend this to the attention of Government and request its consideration.

2. In reply, I am to say that the question of promotion to the grade of Inspectors will be considered in connection with the general question of the organisation of a grade of Inspectors. As regards the second part of the resolution relating to the throwing open of the higher appointments in the Co-operative Department to outsiders as well as to Inspectors I am to invite your attention to the orders contained in paragraph 8 of the Secretary of State's Despatch No. 40 Rev., dated the 5th June, 1919 (copy forwarded with this Department Memorandum No. 7759, dated the 26th September, 1919) and to the orders of the Government of India contained in their Circular No. 855-208, dated the 3rd November, 1919, a copy of which was forwarded with this Department Memorandum No. 9711, dated the 22nd December, 1919.

CIRCULAR NO 855-208-8.

#### GOVERNMENT OF INDIA

DEPARTMENT OF REVENUE AND AGRICULTURE.

(Land Revenue).

From

P. C. PLOWDEN, ESQR., I.C.S., Under-Secretary to the Government of India,

Τo

The Secretary to the Government of Bengal, Revenue Department.

Simla, the 3rd November, 1919.

SIR.

In continuation of the Circular from this Department No. 585-208-8, dated the 7th August 1919, regarding the arrangements for the future control

of co-operative societies in the several provinces, I am directed to say that the Government of India commend to the consideration of His Excellency the Governor in Council the suggestions in paragraph 8 of the Secretary of State's Despatch No. 40 Revenue, dated the 5th June 1919, that it may occassionally be advantageous to appoint Officers of the Indian Finance Department as Joint or Deputy Registrars of Co-operative Societies, and that it may also be found possible to utilise the services of retired Officers So far as the recruitment of retired Officers is concerned the Government of India leave it to the Local Government to decide how far the suggestion can be acted upon. The question whether it will be possible to spare any particular Officer of the Finance Department for employment in the Co-operative Department will be separately considered by the Government of India when occassion arises.

I have, etc.,
(Sd.) P. C. PLOWDEN,
Under-Secretary.

Extract from paragarph 8 of the Secretary of State's Despatch No. 40 Rev., dated the 5th June, 1010.

"8. I note with satisfaction that your recommendations in regard to the superior controlling staff are based not on permanent principles, but on the special temporary needs of a young and growing Department. Any future proposals for the creation of additional appointments of joint (or Deputy) Registrars in the Indian Civil Service would, as you remark, require special justification in each case. It has been suggested to me that such appointments may occassionally be filled with advantage from the Indian Finance Department, the Officers of which are exceptionally skilled in auditing and accounting work. It may also be found possible to utilise the services of retired Officers. In view of the probability that Co-operative Societies will come to a larger extent under the control of Local Governments it is necessary that consistently with ultimate official control, there should be considerable elasticity in the constitution of the Registrars' controlling staff, and that the arrangements now authorised should be recognised as subject to variation. The desirability of employing non-official agency wherever and whenever possible should especially be borne in mind."

## CO-OPERATION ABROAD

THE REVIVAL OF INTERNATIONAL CO-OPERATION.

The Paris Conference and After.

[From the International Co-operative Bulletin, September, 1919.]

We have already emphasised the important part played by the conferences of co-operative representatives, convened by the Federation Nationale at Paris, in February and June last.

As steps to put in motion once again the wheels of our international organisation, they were of the utmost value, while it is fully recongnised that only the world difficulties at that time justified their limited character. Now, however, we have stepped forth into the open once again, and have thrown off the shackles which have bound us for nearly five long years. At last a direct appeal for views and expressions from all the members of the Alliance has been invited. The actual presence of their representatives at our meetings in August was within the bounds of possibility though scarcely practicable at that date. At least enough has been done to demonstrate the willingness of those concerned to take the initiative for a full resumption of the activities of the I. C. A. at the earliest practical moment.

The Paris resolution as to the lines of the resumption of our work accorded, in the main, with the views of the Executive and will, we are convinced, secure the general approval when the time comes to submit them to the test. Before leaving the transition period and coming to the fully effective decisions of the Special Executive Meeting in August, we would draw our readers' attention to some valuable memoranda which were submitted to the Conference in June.

In our report of the February Conference, published in the March issue, we gave a rather full resume of the statement of Prof. Gide on "The Influence of the Peace Treaty on the Economic relation between the peoples and Co-operation". The Principles of Free Trade versus Protection were rather freely discussed by the veteran economist, and a somewhat novel fiscal system for co-operations was expounded. It is true that Albert Thomas at Paris, in June, expressed amused surprise at the application of the term "novel" to the propositions of Prof. Gide; but all the same, though they may have been found on eternal principles, the fact remains that they appeared in a setting which was a little unfamiliar to the bulk of the delegates.

The memorandum submitted by the French delegation in June was in substance the same save for a preface which was embodied in the reasoned against what they called an enemy invasion, i.e., against importations, by erecting barriers in the form of customs duties.

It is, on the contrary, an offensive war which at times has resulted in free-trade, when countries, strong enough not to fear importations, have endeavoured to invade other countries with goods defying competition.

Finally, it is audacious and cunning Imperialism when those that practise dumping and the trust system seek simultaneously to close the home markets to foreigners and conquer foreign markets.

Co-operation denounces competition and war in all its forms.

It recognises that in many instances the system of free trade has benefited the consumer by aiming at a cheap market and tending to lower cost of living. But its policy can be neither national protection nor free international competition. Co-operation proclaims that its aim is the association of all the peoples, exactly the same thing that it is attempted to realise in the political order by a League of Nations.

Co-operation demands neither the abolition of customs duties, nor the abolition of commercial treaties. It knows that the same practical results, whether of the one or the other, become altogether different according to the spirit that inspires them. It demands that customs duties, where they exist, be established without differentiation of nationality and not by permitting a graduated scale according to which other countries are classified as members of the family, friends, neutrals or enemies. It sees therein a necessary consequence of the establishment of a League of Nations. The characteristic of every society is that all members have the same rights.

It proclaims that commercial treaties ought to be multiplied, but demands that the mercenary spirit, which has hitherto prevailed, be banished, and it desires that these treaties be renewed for a considerable length of time, in order to assure security and development of industry.

It is in this spirit that consumers' co-operative societies formulate the following:—

## (a) GENERAL PROGRAMME.

- (1) The re-establishment of the Inter-Allied Committees as Internation Committees for distributing the available supplies of foodstuffs amongst the nations, according to the needs of each.
- (2) Collaboration of the public authorities with co-operative organisations in every country, to secure equitable distribution, at fair prices, of provisions imported in common and of all other merchandise.
- (3) The establishment of an International Economic Office of Statistics of Foodstuffs, as the organ for the co-ordination and direction of the International Committees. By its knowledge of needs and resources, the conditions of production and distribution in each country, this office would prepare the economic co-operation of the peoples and the partition of the work amongst all.

#### (b) THE FOLLOWING IMMEDIATE MEASURES.

(4) Reduction of customs duties, especially on all the necessaries of life and on all those that may hasten the restoration of industry.

In default of reduction, the continuance of existing duties for a period of not more that two years. Repudiation of every policy aiming at the strengthening of Protection.

Customs duties for as long as they exist should be only of fiscal character and not prohibitive. If premiums on exportations were instituted, they should only be provisional and exceptional.

The signing of a complete commercial treaty (or of commercial concentration constituting a general system) between all the countries (home and colonial) which shall be a party to the League of Nations and which would thus be placed on a footing of equality.

- (5) Increase of facilities of exchange; exchange of goods, capital and persons. Facilities for correspondence, travel and sojourn in the various countries.
- (6) Restoration and development of all the means of transport by land and water, international organisation for the equitable distribution of these means in every case when there is an insufficiency, and with the aim of bringing help to peoples most menaced by famine or excessively high prices; the adjustment of the systems of transport in the interests of the community.
- (7) The bringing into contact of agricultural producers and organised consumers by agreements between their associations. The development by means of these agreements of the production of foodstuffs.
- (8) The adoption of an international financial agreement for the liquidation of war debts in order to reduce excessive fiduciary circulation; to facilitate exchanges and thus avoid the unregulated increase in prices.
- (10) Study in common by all the nations of great schemes of economic enterprise for the development of civilisation (Channel Tunnel, the Straits of Gibraltar Tunnel, &c.); for the progress of social hygiene by the control of commerce in productions harmful to public health. The realisation of these schemes will have to be carried out, not by private profit-making concerns, but must be made with the collaboration, and under the control of the representatives of associated consumers.

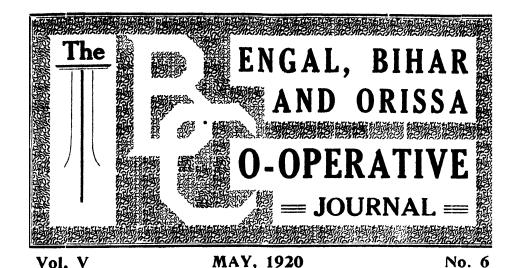
The national co-operative organisations see in these international measures the economic sequence necessary for the establishment of a League of Nations.

These measures do not exclude, but rather complete the measures of economic defence against the States that do not adhere to the League of Nations, or which violate its laws. It is taken for granted that previous to their adoption, material reparation will have been made to devastated areas and the victims of the war.

Co-operative societies are not unmindful that the causes of war have

never been exclusively political. Private international trade has never given peace to the world. On the contrary, it has been the cause of many thousand conflicts, for it is a form of struggle, the struggle for profit. That is why Co-operation has been, is and will be in the world a means of strengthening the definite organisation for peace, under its two-fold aspect of co-operation of associated consumers and economic co-operation of the peoples.

(9) Standardisation of weights and measures; unification of social laws, unification of international agreements for postage, railways, &c.



## NOTES AND NEWS

Every one who has studied the progress of co-operation in Bengal will offer his tribute of admiration and gratitude to the Hon'ble Mr. Cumming on his retirement from service. we find a rare combination of great knwoledge of the economic life of Bengal, an accurate acquaintance with the true principles of cooperation and a human sympathy which gave fruitfulness and vitality to his stores of knowledge. His work might be said to have formed a landmark in the annals of co-operation in Bengal. Often he has presided over Co-operative Conferences and a volume might be filled with his utterances on these occasions. Those who have heard him then will not forget the valuable dicta with which he interspersed his speeches. He was always for progress and development of co-operative activities along new lines but he emphasized not only the quantity but the quality of co-operative work. Let us hope that while enjoying the rest which he has earned so well he will keep up his interest in co-operation in Bengal. The example of Mr. Wolff has shown that it is quite possible to do valuable work for Indian co-operation from abroad. We trust that in Mr. Cumming we shall continue to possess a wise guide, inspirer and adviser.

At the last meeting of the Board of the Bengal Agricultural Department considerable attention was devoted to the problem of Co-operative Sale Societies and a resolution on that subject proposed by Prof. P. Mukherjee and seconded by Prof. Covajee was enthusiastically received and carried. Co-operation having achieved such marked success on the side of credit in India is now developing new functions, and it is in the fitness of things that it should prepare itself for the task of improving the marketing organization of the Indian agriculturist. at present such organization might be said to be conspicuous by its absence. There is such a multiplicity of middlemen that as a result the price of agricultural produce is found to double itself by the time the retailer is reached. The benefit of high price almost never goes to the cultivator but to the middleman. Profiteering has reached such dimensions that only cooperation can venture on encountering it. Under the present arrangements the agriculturist suffers from a notable fall of prices at harvest time and is oppressed by various incidental charges. Much of the valuable time of the agriculturist is also needlessly wasted in vain efforts to market his wares profitably. The problem is attracting the attention of co-operators all over India. Madras is starting a scheme of joint sale and purchase and aims at success by a system of trading unions which will incidentally undertake to sell the produce of the members jointly. Bombay is thinking of experimenting in the way of obtaining higher prices for agricultural produce and is setting up a wholesale firm in the shape of a Co-operative Wholesale Society. Bengal has had recent experience which should excite its energies in the same direction. is well known that of late when the middleman and the manufacturer of jute were making large profits, the producer of raw iute was far from sharing the general prosperity.

But while we welcome these efforts towards achieving the task of co-operative sale we are not blind to the difficulties of the task. The main problem will be to find men imbued with business habits and experience to carry on the work. We cannot turn

officials into merchants nor can we hurry the cultivator into the ways of thought and work of the trader. Nor can we hope to weaken suddenly the power of the middlemen who are adepts in taking full advantage of their strategical position and who are forming rings and combinations to increase their power. We have seen how in Khandesh the power of the petty local dealers has been found sufficient to nullify the work of Co-operative Cotton Sale Societies. As the Resolution on the last Bombay Report puts it, "the reward is clear but new functions can only be acquired by degrees, and the change from cultivator to trader, especially in a land of functional castes, cannot be hurried." It is needful for us to progress cautiously and gather experience at every step, but we have every reason to be confident as to our ultimate success.

The fact that the Supreme Allied Council in Paris decided to use the Russian co-operative system for the renewal of commercial intercourse with Russia reminds us of the great importance of that system and of the determined resistance which it has opposed to the economic deluge of Bolshevism. The Bolshevists have never been able to bring themselves to trust the co-operative system which represents the soundest portion or rather the only sound portion of Russian national existence. As M. Asancheyer has observed,—though co-operation is working and existing under the Bolshevist regime there is no fear of its being affiliated to the latter, for the co-operative system is a purely economic and financial organization which cannot be affiliated to any political It has indeed been persecuted by the Bolshevists and has also suffered from the warfare which has spread over the country. To take an example—a train carrying train-loads of goods for the Central Russian Union was four times fired on in the course of a single journey-twice by the Red Guards and on two other occasions by the troops of the opposite party.

After production in Russia had been destroyed by the shocks of war and revolution it was left to co-operative bodies to start

productive efforts anew on the most primitive lines. The Central Union had been manufacturing confectionery and jam before the After that event it found that dealings in starch. molasses and fruits were no more to be expected on the old scale. The Union, in no way discouraged, started to aquire the starch works which had been closed and bought large orchards on the Volga to ensure the supply of fruit. But even after these achievements it found its task but half done for transport facilities were wanting as the State organization was unable to satisfy the necessities of consumers. It had to buy or to take on lease steamers and barges for its own special use and in order to get coal it had to buy coal mines and to put them into working order. This is only one example of the great activity of Russian co-operation for with the reduction of imports the task of producing soap, boots and shoes and a number of other articles fell to the share of cooperation and it proved itself to be the only great productive power in Russia. This success is due to the fact that the ideas of cooperation and co-partnership were existing for centuries in the psychology of the Russian peasant and labourer and the type of producing and working association artel was known to them from the beginning of Russian history. This tendency and habit of the Russian masses to unite their creative efforts and to divide their economic burdens, explains the unprecedented growth and development of co-operation in Russia.

We congratulate Mr. T. C. Roy on his appointment as Deputy Registrar of Co-operative Societies, Bengal, in the place of Mr. M. Thorp, I.C.S., who has been appointed to officiate as Registrar during the absence, on leave, of Mr. J. T. Donovan, I.C.S., Ever since the inception of the Bengal Co-operative Organization Society Mr. Roy has been one of its staunchest supporters and most ardent propagandists: in him we find the happy combination of a wide practical experience with a fervid, but not utopian, idealism; and by selecting him for the post of the Deputy Registrar Government have acted justly and wisely.

In appointing Babu Muralidhar Das and Babu Batakrishna Das to officiate as Joint Registrar and Chief Auditor respectively Government have accepted the principle for which we fought at the last Provincial Co-operative Conference, viz. that in filling up the higher vacancies in the Department preference should be given to officers of the Department, other things being equal. The abilities of these two officers are unquestioned and we have no doubt that they will fully justify the confidence reposed in them by Government. Our hearty congratulations to them and to Government.

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The Bengal Humanitarian Association, Howrah, has been doing useful work; we are specially interested in its scheme of improving the breed of milch-cows and its co-operative dairy farm and milk-supply society consisting of sixteen members each of whom has made a deposit of Rs. 50. Thirty seers of milk are being daily supplied to members both in Howrah and Calcutta every morning and evening. The progress of this society will be watched with interest by all co-operators.

We should like to draw the attention of practical co-operators to the very suggestive paper on audit and account-keeping of co-operative societies by Mr. B. K. Das. It appears from the paper that account-keeping in stores present many difficulties and complexities,—the more so, if the stores have to deal with affiliated branches. The Triplicane Stores in Madras with its many branches, the Bombay Co-operative Wholesale Society and the Khalsa College Co-operative Stores at Amritsar are some of the most successful stores in India. In view of the rapid development of the store movement in Bengal, it will perhaps be in the fitness of things if an officer of the Bengal Co-operative Department be deputed to study the system of working and account-keeping in the above mentioned societies.

# **CO-OPERATION AND AGRICULTURE**

# A Scheme for a Central Agricultural Purchase and Sale Society.

[By Prof. P. Mukherji.]

One of the resolutions unanimously adopted at the meeting of the Board of the Bengal Agricultural Department held in March last under the presidency of the Hon. Mr. J. G. Cumming was the following—

That the Board of the Agricultural Department advise Government to take necessary steps for organizing the production and sale of agricultural produce on co-operative lines; and that, with this end in view, a central agricultural purchase and sale society be organized in some suitable centre by the Departments of Agriculture and Co-operation.

In moving this Resolution Professor P. Mukherji said:-

The latest Report of the Registrar of Co-operative Societies shows that out of 3,923 Agricultural Co-operative Societies, 3,894 are Agricultural Credit Societies, i.e., almost 13 out of every 14 Societies in Bengal are Agricultural Credit Societies. There are only 29 non-credit agricultural societies of which 22 are milksupply societies, one is an irrigation society (at Midnapore), five are Agriculturists' Purchase and Sale Societies and only one is a Production and Sale Society (at Naogaon). The result is that in Bengal the development of co-operation is all too one-sided: we are giving loans to the raiyat, but we have not so far made any attempt to induce him to increase his crop-yield; nor have we made any systematic attempt to organize the sale of his produce so as to give him the benefit of the high prices prevailing in the market. As most people who have read about Co-operation in other countries know Co-operative Credit by itself has done and could have done very little really to improve the position of the raiyat. In order that the raiyat might get the full benefit out of his cheap capital, he should apply his borrowed capital to really productive use and he should be enabled to sell his crop in the best

market possible. To achieve these objects three things are necessary—

- (a) Agricultural requisites—seeds, manures and implements—and other necessary goods should be available at the raivat's door.
- (b) Agricultural experts should help the raivat in learning the proper use of these agricultural requisites.
- (c) The raivat should be able to dispose of his produce in the best market possible.

For these purposes the Departments of Co-operation and Agriculture should combine their efforts in

- (1) establishing in areas under a particular crop (paddy or jute or oil seeds or fruits or vegetable crops) production and sale societies on the Naogaon model (which, for brevity's sake, I would call "Naogaon Type Societies") and
- (2) establishing a Central Agricultural Wholesale Society to act as wholesale purchasers of necessary goods and agricultural requisites for the Naogaon Type Societies and as wholesale sellers of agricultural produce of those societies (and ultimately as manufacturers and producers).

The Naogaon Ganja Cultivators' Society deals with a crop grown on an area licensed annually by Government and varying from 1 to 11/2 square miles. The crop is grown under license and sold under license—the society has in fact a monopoly of production and sale at fixed price; no wonder, therefore, that the annual profits should be 3 or 4 lakhs of rupees. If we have Paddygrowers' Societies or Jute Cultivators' Societies, they may not have the monopolist's advantages or the monopolist's profits in lakhs, but I doubt not that they will enable the cultivators to adopt scientific methods of production, to improve their material condition in diverse ways, to eliminate the parasitic middlemen and thus get better value from the sale of their produce through the Central Wholesale Society. The principle of the Naogaon Society, viz., combination of producers of a crop in a compact area for "better farming and better business"—is sound and is applicable not merely to monopoly crops like Ganja but also to competetive crops like jute or paddy. If the department of Co-operation helps in organizing Cultivators' Production and Sale Societies for different crops in suitable areas, and if the Department of Agriculture supplies the requisite technical skill and scientific advice, we may have at no distant date hundreds of Naogaon Type Societies ministering to the diverse needs of Bengal agriculturists.

It is very fortunate that I can strengthen my plea for the establishment of such societies by the testimony of such experienced co-operators as Messrs. Donavan and Collins. Writing in the Bengal Co-operative Journal of Sepetmber, 1915 Mr. Donovan observes-"An experience of over two years in an area entirely jute-producing has convinced me that the raivat loses to parasites about three rupees out of ten rupees on his jute. Here is a chance for a Co-operative Society or group of Societies. Co-operation can eliminate all these parasites and give the raivat a far larger profit on his jute". Writing in the same Journal for November, 1918, Mr. B. A. Collins, lately Registrar of Co-operative Societies, Bihar and Orissa, observes-"At present the vast majority of raiyats satisfy all their needs within their own villages. Either they keep their own seed or take it from the local mahajans: such manure as they use comes from their own cattle or the village oil mill: while their implements are the same as those of their remote ancestors. Our organization (i.e., the Co-operative Organization) with the help of the Agricultural Department has first to create a demand for better things and then to supply to it."

In order to hasten and systematise the organization of the production and sale of agricultural produce on co-operative lines, the Departments of Co-operation and Agriculture should take early steps to organize a Central Agricultural Wholesale Society in some suitable centre. This Central Society should purchase agricultural requisites—seeds, manures and implements, and the necessary goods at wholesale rates for sale to members of Naogaon Type Societies and undertake the disposal of their agricultural produce in the best market possible. I may give an instance here of the profits that may be expected from this Central Sale Society. Speaking of the Sundarbans Supply and Sale Society at Khepupara, the Registrar of Co-operative Societies in

his latest Annual Report says-"As its boat was going empty on one trip last January the society sent 300 maunds of paddy to Calcutta and sold it there, the net profit at the transaction being nearly 150 rupees." This is what has happened in Bengal; we have also heard of the Jute Sale Society at Kamarpara in Rungpore district. Let us take another instance from Madras-I refer to the South Kanara Garden Planters' Society consisting of growers of areca and other garden produce. Its main business is the joint sale of these products through the society's agent at Mangalore. Last year it did a trade of Rs. 3,84,800, getting into direct touch with the brokers of the Bombay merchants who reside at Mangolore, and it is estimated that they secured price exceeding by Rs. 19,600 the price they would have obtained through the ordinary channels: they also did a considerable purchase of the domestic requirements of their members. has been possible for the Khepupara Society and for the South Kanara Garden Planters' Society will be possible for each and every one of the proposed Naogaon Type Societies. The proposed Central Wholesale Society may have boats of its own which will carry necessary goods, seeds, manures and implements to the Naogaon Type Societies and bring from them their agricultural produce for direct sale in the Calcutta market—thus avoiding the middlemen both ways.

What I advocate, in fact, is the formation of a Bengal Agricultural Wholesale Society on the model of the Irish Agricultural Wholesale Society the object of which was similar to that of practically all co-operative trading federations, viz., to supply affiliated societies with the goods which they retailed to their members at rates as low as possible, and of guaranteed quality. Its business has expanded rapidly with the addition of a grocery department, a banking department and various new trade departments, so that it is now in a position to supply its members with practically everything that they can require, and also to market on a commission basis such agricultural produce as butter, eggs, honey, etc. The Wholesale has been successful, among other things, in ensuring to the farmers a reduction of 50 per cent. in the price of guaranteed manures. It was the first body in Ireland to give a guarantee of purity and germination of its seed, and by

this means it brought about something like a revolution in the seed trade of Ireland. It gives the lowest rates for reliable feeding stuffs and also for up-to-date machinery, and carries a full stock of hardware, both agricultural and domestic. Finally, it performs the very useful function of marketing produce for the societies on a very low commission, with a guarantee against bad debts; and for this purpose it has representatives in the chief distributive centres of Great Britain. The Irish Agricultural Wholesale Society has revolutionised the conditions of agriculture of Ireland. If we start a similar society with similar objects in Bengal, we hope to see an all-round improvement of the Bengal raivats' material conditions. The Departments of Agriculture and Co-operation should combine their best energies to organize simultaneously Naogaon Type Societies and an Agricultural Wholesale Society and thus hasten the day for a real agricultural renaissance in Bengal I contemplate the establishment of Naogaon Type Societies in every nook and corner of Bengal, helping each individual raivat in improving his seed, his manures. his plough, and his cattle, in increasing the vield of his crops, in introducing new crops, in standardising the quality of his crops, and in disposing them of in the best market possible. I contemplate the establishment of the Bengal Agricultural Wholesale Society which will not only supply agricultural requisites and other necessary goods and organize the sale of agricultural produce, but which will also, in time to come, undertake the production of those agricultural requisites and establish and own rice, jute and oil mills and manufactories. I have visious of Agricultural Wholesale Societies in every Province of India federated into a great all-India Agricultural Wholesale Society which will be the envy and the wonder of the world. Great efforts and great sacrifices will be necessary for attaining this ideal; but the time has come when a beginning should be made, and His Excellency Lord Ronaldshay—who has already initiated so many healthy movements calculated to improve the conditions of life of the Bengal raivats—would lav solid foundations for this edifice of our All-India Wholesale if during his beneficent rule, he and his Government accepted and acted up to the resolution which I have the honour now to move, viz.—'That the Board of the Agricultural

Department advise Government to take necessary steps for organizing the production and sale of agricultural produce on co-operative lines; and that, with this end in view, a Central Agricultural Purchase and Sale Society be organized in some suitable centre by the Departments of Agriculture and Co-operation."

## CO-OPERATIVE SALE ASSOCIATIONS

# [By Prof. J. C. COYAJEE.]

In his recent great work on "Co-operation in India," Mr. Wolff has reminded us that one-sided co-operation—whether of the credit, distributive or productive variety—labours under great disadvantages. It is only when co-operation is an all-round movement that it can achieve its full utility and can escape the danger of becoming a class-movement. The various phases of economic life are so interrelated that one cannot improve one aspect of agricultural life without necessitating improvements in other respects. Thus in European countries we see side by side with the development of agricultural credit, the rise of great societies to sell agricultural produce for the producer and to buy supplies of machinery, fertilizers and necessaries of life for him.

India is particularly backward in the matter of the organization for marketing agricultural produce. The ordinary middleman ioses no opportunity of defrauding the agriculturist and in some cases of damaging the market value of the latter's wares. of the highest authorities on Indian agricultural affairs-Mr. Keatings—sums up the matter by observing that the Indian agriculturist "is seldom able to protect himself in his dealings with the man who is at once his banker and his market, and who has sufficient hold on hand to prevent him from taking his custom elsewhere." A considerable fall in prices always takes place immediately after harvest and as the agriculturist commands but little capital he cannot afford to wait for a rise of prices-where advances are made against crops the cultivator has to pay a very high rate of interest and he has to bind himself to market his crop through the medium of the lender. The middleman takes full advantage of his commanding position in the small up-country markets and as there intervenes a number of transactions a deduction is made from the value of the crop at each stage. Nor is this all, as the authority already quoted goes on to say "the middlemen often indulge in illegitimate mixing, adulteration, damping and other improper practices, against the risk of which the manufacturers or exporters can only protect themselves by offering a lower price. This means so much off the residue left for the cultivator." It is not enough for Co-operation, under such circumstances, to have supplied credit to the Indian cultivator; it must go further and find means to free him from the great loss due to the practices described above. Indeed some high authorities consider that it would have been wiser to have initiated the development of Co-operation in India by starting a system of Co-operative Sale Societies rather than by inaugurating the present credit societies. With all deference, however, to such authorities we believe that it was a happy inspiration which suggested the introduction of co-operation into India through the medium of credit societies. The fact seems to be that there are two varieties of Co-operation (Credit Co-operation and Consumers Co-operation) which can be organized on a simple and uniform system. But Producers' Co-operation and Sellers' Co-operation cannot be governed by uniform rules because of the great variety of local conditions and because of the direct contact of such co-operative efforts with large, fluctuating and speculative markets. As the Resolution on the last Bombay Report on Co-operation puts it: "It is necessarily easier to organise the combined credit of a community than to teach them new uses for their combined activities. The reward is clear but new functions can only be acquired by degrees, and the change from cultivator to trader, especially in a land of functional castes, cannot be hurried."

Before dealing further with the subject it seems best to enumerate the main difficulties in the way of agricultural sale and purchase associations in this province and to suggest the methods by which they might be overcome.

(1) In the first place, our chief crop—jute—is of a highly speculative character and it is subject to great fluctuations in price, which add largely to the risks of co-operative sale. Consequently, sale societies which undertake to deal in jute must be financially very strong indeed and thus able to hold back the crop from the market and to store it in granaries during periods

of depression. There is no other way of avoiding this particular disadvantage in the case of our leading staple; heavy loss might be caused to members by collapse of the market in the absence of of great financial strength. Something could be done in this direction if the sale societies entered into forward contracts with large buyers and exporters and obtained part payment of the price some time ahead.

- (2) Again, it often happens that on the entry of a co-operative sale association into the market the outside middlemen also invade the market and by their competition raise prices very high. Consequently the members of the association prefer to resort to the middlemen, being tempted by the high prices which the latter offer. Thus the association cannot secure the amount of produce which it might have contracted to sell to its other customers. Even in this case the members of the association gain largely through the high prices and are sometimes benefited to the extent of many lakhs of rupees; but, on the other hand, the association is no doubt placed in an awkward position. In some European countries this element of risk is eliminated by a formal contract between the association and its members, by which each member agrees to sell to and buy from the association a certain minimum quantity of goods. Thus in the Central Trading Society of the Saxon Co-operative Union each member has to deliver a minimum of three tons of grain and to buy at least two tons of manures and feeding stuffs from the society. Such provisions might have to be introduced in a modified form into our associations.
- (3) The agriculturists who form the bulk of the members of our sale and purchase associations are, on the one hand, unwilling to pay good salaries to competent managers and are, on the other, hand, unable to control them. Hence we hear of cases where managers have speculated on a rise in the price of the crop, generally with unfortunate results. Provision will have to be made for the employment of well-paid and competent managers in the sale and purchase associations, and the necessity of frequent inspection of the affairs of such associations will be particularly felt. Government could help by appointment of Assistant Registrars and subordinate officials to assist in this work.

We might now turn to the more pleasant task of contemplating

the actual achievements and hopeful prospects of co-operative sale and purchase in Bengal. We might first refer with justifiable pride to the eminent success of the Naogaon Co-operative Society which, as Mr. Donovan has shown, stopped the loot which a ring of middlemen had made possible and has more than doubled the price secured by the cultivators for their produce. It has also saved large sums paid hitherto by the members in interest and bribes, and has largely economised the time spent by them in disposing of the crops. The system adopted is that of making advances on the crops, which are bought at a fixed price, and the profit made is distributed among the members. In the case of Ganja, however, the business of sale and purchase is comparatively easy; the reason for this is not any monopoly, as is sometimes alleged, but the fact that the price of Ganja is officially fixed. But emboldened by its success in this field, the Naogaon Society has started an offshoot for selling other crops of the members and to supply them with necessaries. This society has already achieved great success and has supplied a number of other stores. It is already the best store in the province, owns shops and godowns, and has a membership running into thousands. Dewanganj and Khepupara are also very important sale and purchase societies, in which members of credit societies have combined to sell their crops and to purchase their own requirements. Thus some of our stores have already developed into wholesale societies. But the success of these societies will pale before the vast achievement which can be confidently expected from the great wholesale society which Mr. Donovan has projected in Calcutta. Here the Credit Societies have a membership of 20,000 with a working capital of more than 20 lakhs. society when launched will be by far the largest in all India and. as such, can promote the formation of numerous producers' societies and can also be the centre of a large system of affiliated Its formation will undoubtedly give a very great impetus to distributive and productive co-operation in Bengal. operations will be conducted in the commercial and industrial centre of the province, it will have no difficulty as to finance it will be able to buy and sell at the best prices, and its prestige and position will be such that it can form the pivot of co-operative

distribution and production in Bengal. It will be able to buy up the wares of a great number of agricultural sale societies dealing in the necessaries of life. On the other hand, as it will buy products on a very large scale from the general market, it will purchase on highly favourable terms. It can then supply these articles to a large number of sale and purchase societies in our Its position in Bengal might correspond to that of the great society called the "Hangya" which has developed co-operative sale and purchase so effectively in Hungary. The Hangya sells all kinds of provisions and household or agricultural articles. It is the mother-institution which has founded distributive societies in Hungary, which spread commercial knowledge and a spirit of enterprise among the people. The Hangva has warehouses at different railway junctions and has regulated the price of provisions. It is not unreasonable to expect that the influence of the great wholesale society in the second city of the Empire might introduce changes of this nature, though of a less striking magnitude, in our provincial system of co-operation.

We thus see that we have already made fair progress in the matter of sale associations and that we might soon expect to make more headway. We should energetically carry on the present experiments and take such opportunities as offer. Experience should be gathered as we get along, because such associations can succeed only if managed in a business-like manner; and the rural population has to be slowly drilled into the very elements of business operations. To turn officials into merchants is not to be thought of; and to hurry the cultivator into the traders' functions would be to court trouble. Again, agricultural saleassociations are brought into direct contact with the wholesale produce markets and dealings in such markets require expert knowledge and great skill in marketing. Finally rings of middlemen have often got the better of sale-associations. It is obviously owing to these difficulties that no country has shown a considerable development of agricultural sale associations as such, though agriculturists' purchasing association on ordinary lines are common enough. We have slowly to train up a set of businesslike men to run sale societies and only then will their success be assured.

These considerations are not urged here to damp enthusiasm. We all believe whole-heartedly in the future success of agricultural sale societies. But we should also realise the special difficulties of the work for which we are preparing ourselves. is true we have achieved a great success at Khepupara but there the rvots were all Government-rvots and the society does not sell only argicultural produce. We have also to profit by the example of the Co-operative Cotton Sale Societies in Khandesh. spite of the societies the local dealers form a ring and dictate their own prices. The circular on the subject also adds that only a few petty local dealers come to the auctions and no outside buyers or large cotton buying firms attend although these latter were begged to assist this experiment in purifying the market. auctions therefore are in fact a farce. It is reassuring to read that these difficulties have not daunted the Bombay Co-operators who are suggesting remedies which are likely to be successful. We, too, should expect to be faced with difficulties which we rely on the judgment and resource of our authorities on Co-operation to overcome

As regards the consolidation of our sale societies and associations opinions differ. Even in a country like Germany where there is a rage for consolidation it is believed that there is no call for consolidation in the case of grain selling associations which manage without any such machinary to dispose of all their grain to mills, breweries and other purchases. Consolidation of such societies is not without its dangers on account of the increase in the scale of transactions which have to be carried out in a speculative and fluctuating market. We should also take good care lest by starting a single central association for selling all kinds of agricultural produce we pile up the risks of large scale operations in different kinds of produce and render the work of the association too heavy. It is a more promising idea to start separate selling agencies in Calcutta for different kinds of produce, each of which would have a manageable amount of work and can be presided over by an expert who is skilled in the particular variety of transactions of which the business of that association consists. Surely it is enough work for one association to sell a fairly large portion of the jute produced in Bengal and similarly it will tax the energies of another such association fully to dispose of a large part of the rice of Bengal. Specialisation of work is necessary in such matters.

## **CO-OPERATIVE HOUSING:**

### A solution of the Housing Problem in Calcutta.

[Being a lecture delivered by Prof. P. Mukherji. M.A., at a meeting held at the Y. M. C. A. Hall on the 31st of March, 1920, under the presidency of Mr. F. J. Monahan, J.P., I.C.S.]

At a time when the housing problem is engaging everybody's attention it will not perhaps be out of place to discuss the possibilities of co-operative housing in and around Calcutta. Neither the High Rents Enquiry Committee nor any members of the public have as yet given sufficient attention to this method of solution of the housing problem. Not only in Calcutta, but in Bombay, Karachi, Madras, Poona and Rangoon as well-in fact, in almost every big city in the Empire—the housing problem has, during recent years, grown in acuteness. In most parts of Great Britain and in Dublin and Belfast also, there is said to be an appalling shortage of houses, and the Joint Committee on Labour Problems after the War declare "that no one but the municipalities and the National Government can possibly shoulder the task of building 1,000,000 new rural and urban dwellings or 5,000,000 additional rooms". The magnitude of the problem in Indian cities may not be as great, but its urgency and intensity are the same in both countries.

If we enquire into the etiology of this problem, what do we find? We find that the rise in rents in Calcutta may chiefly be attributed to the following causes—(1) the expansion of commerce and industries and the consequential influx of people from outside; (2) speculative purchases of house property due to the acquisition of fortunes made by traders during war conditions; (3) acquisition of large areas by the Calcutta Improvement Trust without providing facilities for re-housing the displaced population; (4) projected schemes of acquisition by public bodies inducing landlords to squeeze up rents for the support of their claims to

high compensation; (5) rise in the cost of labour and material preventing construction of new buildings; (6) want of easy means of communication with the suburbs and the resulting congestion within a fixed area; and, last but not the least, (7) the westernization of the taste of Calcutta people, notably the rich Marwaris-in the matter of housing comforts and accommodation. various causes have operated together to create a situation which has become well-nigh intolerable. The situation requires prompt handling, otherwise its effects on the social and economic life of the city will be disastrous. The pinch is felt by the middle class salary-earners, the petty tradesmen and by the mill-hands and artisans: high rents lead to overcrowding and underfeeding both of which are, as everybody knows, deleterious to health and morality. Further, high rents of shops and flats affect retail prices of commodities and are thus a contributory cause of the high prices which are still ruling the Calcutta market.

The measures suggested for the prevention of excessive raising of rents are as follows—(1) the appointment of a Rent Controller with power to call from landlords for return of rents charged by them during recent years; (2) temporary legislation prohibiting the raising of rents above the standard rent; (3) the raising of the period of the notice to quit from one month to six months or more; (4) the requirement that the notice to quit must show cause and that the sufficiency of such cause must be certified by the Rent Controller; (5) the special empowering of Courts of Small Causes to refuse ejectment unless sufficient cause is shown by landlords and to raise the period of notice to quit if hardship or other sufficient cause is shown by tenants; (6) the lowering of suburban railway fares; and (7) the development of means of communication with the suburbs.

All the above suggested remedies except the last two are merely temporary palliatives; even the Rent Act is only a temporary measure and supplies only temporary relief from exorbitant rents. The real solution lies in increasing the available space for building purposes and in the rapid construction of houses in large numbers. The fact of the matter is that, owing to various causes, the demand for housing accommodation is very great in Calcutta, and the supply has not kept pace with it. The

forces of demand and supply should be allowed to have free play; but if capitalistic enterprise tends artificially to restrict the supply by attempts at cornering or monopolizing, the consumers—in this case, the tenant class—should combine into co-operative societies to fight the profiteering landlords, and the State, as the guardian of the public interests, should step in to protect the majority (viz., the tenants) against the minority (viz., the new rack-renting land speculators). Thus, briefly stated, the housing problem in Calcutta is that there is a combination of house-owners to exploit the weak and helpless position of the unorganized tenant class; the most effective way of fighting this capitalistic combination is for the homeless tenants to combine into co-operative housing societies.

There are several kinds of co-operative housing societies. The nature of a society to be started at a particular place will depend not only upon the requirements of the people to be benefited, but also upon the local conditions of each place. For instance, it may be the want of suitable building sites, or the absence of facilities to obtain capital on favourable terms, or it may be both these causes that have prevented people of small means from building houses for their residence. Consequently there are, as Mr. Talmaki points out, in one of the excellent pamphlets issued by the Bombay Co-operative Housing Association, four kinds of societies which might possibly be started on co-operative lines for housing purposes—

Firstly, those of the type of Land Societies of England formed by persons individually capable of paying the cost of the whole building, but joining together collectively to purchase or take on lease a sufficiently large plot of land to be parcelled out among them for building houses thereon.

Secondly, those of the type of Mutual Benefit Building Societies formed by persons, each wishing to own an independent house, but not able to pay the cost thereof at once and therefore taking a loan from the society on the security of the house and repaying it by instalments with interest;

Thirdly, those of the type of tenant co-partnership societies formed by persons not in a position to own the houses independently and therefore joining together to own them in common, each tenant

advancing a part of the cost of the house he resides in, the remainder being raised by the society as loans or debentures;

Fourthly, societies of persons who are not able to contribute anything to the cost of the building, but joining together to hire collectively houses for their residence to be let out amongst themselves on easy terms.

These four types are intended for different grades of people, the last type being for the poorest and so on upwards. Of these four types of societies, the first and second exist in Europe and America and the third has not spread beyond England. The fourth type has not yet been tried anywhere on co-operative lines; but intelligent, though poor, tenants may be brought together to form societies of this type without much extraneous aid, and ample material of this kind is to be found in Calcutta for successful experiments in this line. Experts in co-operative housing like Messrs. Ewbank and Talmaki recommend the third type, viz., the co-partnership tenancy societies as being the most suitable for our middle classes. In forming such a society it is of the first importance that its members should be bound to each other by common interests and pursuits, and therefore, they should, as a rule, belong to a single community, caste, class or profession, and should be of about the same social standing. Such tenant co-partnership is intended to meet the needs of those persons who are not in a position to purchase or own an indepedent house. Here I shall take the liberty of quoting from an excellent paper on the subject read by Mr. Ewbank before the Bombay Co-operative Housing Association—

"The members of a tenant co-partnership society join together to own a house or houses in common, each tenant advancing in the form of share money a part of the cost of the house in which he resides, the balance necessary being raised by the society in the form of loans or debentures. The houses built by the society are owned jointly by all the members, not individually by any of them, and are therefore kept up well. The landlord's profit is abolished and rent is fixed on the lowest possible scale, and is not liable to be raised by competition. Although a member is partowner of the house in which he lives, he is not tied down to remain in it, and may, on his departure, realise the amount invested by

him in the building from the incoming tenant or from the society. His shares also may be transferred by sale to other members as provided in the rules."

The tenant co-partnership system, as described above, though of very recent origin, has become so very popular in England that numerous societies have been organized on these lines, and fourteen such societies federated into a Central organisation have invested about two crores of rupees in land and buildings; there are besides many such societies outside the federation. India the first society of this type was started in Bombay under the name of the Saraswat Co-operative Housing Society and was registered under the Co-operative Societies Act. Within a year of its registration it built three houses for accommodating 18 families in as many self-contained four-room tenements at a cost of Rs. 72,000, and in the year following, it added two bigger houses to accommodate 24 families in self-contained three-room tenements at a further cost of Rs. 72,000. In this way in Bombay, we are told, it is now possible—thanks to co-operative building efforts—to rent a self-contained flat, consisting of two bedrooms, a hall, a verandah, a kitchen and a bathroom, fitted with electric lights and fans and all modern sanitary arrangements for the small sum of from Rs. 25 to Rs. 33 per month, according as the flat is on the ground floor or on one of the upper floors; and what is more, these rents have been so fixed as to vield a net interest of 5 per cent. per annum on capital, after covering all outgoings.

It must, however, be remembered that the success of tenant co-partnership largely depends upon the certainty of regular enlistment of fresh members to take the place of those who may retire in view of the freedom enjoyed by members to give up residence at any time they desire after the ordinary notice. This type is specially well-suited to the European and Anglo-Indian communities. In fact the selection of a type at a particular place will much depend on local conditions. But whatever may be the type of housing societies selected, cheap land and cheap finance are in every case the two primary requisites for their successful launching. Suburban Calcutta is still undeveloped and much of the congestion and overcrowding in Calcutta are due to the utter

neglect of her suburbs—Howrah, Manicktolla, Baranagore, Dhakuria, etc.—which can provide magnificent dwelling sites if our city fathers and the Improvement Trust authorities do but turn their attention to them. But the land speculators have been more alert than they, and are already buying up all available subrban sites in anticipation of future development, so that the price of land in the suburbs is also going up by leaps and bounds. But there is time yet for Co-operative Housing Societies being formed and land acquired by them or for them in the suburbs.

I suggest, first of all, that each of the three leading indigenous communities of Calcutta—the Hindu, the Mahomedan and the Anglo-Indian—should immediately bestir itself and form at least one society each like the Mangolorean Garden Homes Co-operative Society or the Bombay Catholic Co-partnership Housing Society. The former owes its birth to the desire of the Roman Catholic Christians of South and North Canara—otherwise known as the Mangalorean community—to have decent dwellings for themselves somewhat similar to those which they have left behind in their home in Canara. The buildings contemplated by the society are of three kinds. The first class of buildings comprises sixteen one-storied cottages on the co-partnership principle to be rented to such members of the community as have no houses of their own; an elementary school for the children of the colony, a garden and a convalescent home are also included in this part of the building programme. The third class comprises a certain number of houses built on the hire-purchase system; while the majority of the buildings come under the second class comprising houses for the members on the individualistic principle; the society allots one plot to each member under definite conditions and under a definite agreement which includes the payment by the holder of a certain amount every year towards taxes and the general maintenance of the society giving at the same time complete liberty to each holder within his own grounds. shareholder builds his house according to his own requirements and with his own capital, but the plans are subject to the approval of the Managing Committee of the Society. The society helps its members with the services of its expert staff and, if necessary, with a loan. It even undertakes the construction of houses, but

on the financial responsibility of the member, and gives him the benefit of all its contracts for bricks, timber and other materials, if he chooses to take advantage of them. It has been pointed out that this type of housing society has the following, among other, advantages:—

- (a) Each shareholder looks upon his house as his own, builds it according to his own tastes, needs and means, at a time when it is most convenient to him.
- (b) Each shareholder puts down his capital without hesitation when he understands that he has full rights, and will borrow from the society only the amount absolutely necessary.
- (c) The capital to be raised on the joint responsibility of members would be less, thus reducing the prospective risk to each.
- (d) The members would enjoy comparatively greater freedom and would have the prospect of investing his own capital at a greater advantage than will be the case in a purely co-parcenary scheme. Add to all these the feeling of pride and satisfaction of living in one's own house—a feeling ingrained in the minds of us all!

That is one model for us to follow. The other model is furnished by the Bombay Catholic Co-partnership Society registered under the Co-operative Societies Act only three years ago. It has a membership of about four hundred, and a capital of about four lakhs of rupees. Forty-five acres of land have been purchased at Santa Cruz near Bombay, and a co-operative colony—called the "'Willingdon Co-operative Settlement''—has been established The forty-five acres of land are all in one block and situated in an advantageous position near the railway station and fully open to the sea, with a high road dividing the estate into One-half of this estate has been laid out with roads. cottages (for 12 families) have been completed and are occupied; there is a keen competition for them and members readily pay the minimum capital required to qualify for tenancy. The society's programme is to construct on the tenant co-partnership system forty upper-storied cottages with accommodation for eighty

families, a school, a church, an institute hall, a co-operative store, a dispensary, a dairy and a poultry farm, to make ample provision for play-grounds, and, after reserving land for public purposes, to allot to each family a compound of eight hundred square yards on the average, which will be planted and maintained by the society for the benefit of the tenants. To satisfy those who desire to possess houses of their own, this society is prepared to let out plots of land, fully laid out and connected for water, drainage, etc. on lease for 999 years on terms which ensure bona fide building and not speculation. The principal features of this plan are that the fand should be built upon within a minimum period, that the houses should be according to plans approved by the society and that they should be kept insured and in proper repair. The society itself undertakes to build cottages for lessees at cost price, to keep them in repair and to rebuild them at the end of their life on payment of a trifling contribution for repairs and sinking fund. The owner is at liberty to sell and keep the profit for himself after five years, but may sell only to Roman Catholics. On the other hand in the event of his not finding a buyer, the society guarantees to purchase the cottage at cost price after four years. It may be of interest to record here that the rent charged varies from Rs. 20 to Rs. 34 only per month, inclussive of all taxes, the use of the compound and the benefit of the amenities provided by the Society. What has been possible for the Mangaloreans or Catholics of Bombay should also be possible for the Hindus, the Mahomedans and the Anglo-Indians of Calcutta. If Bombav has her Willingdon Co-operative Settlement, Calcutta should have without delay her Ronaldshay Co-operative Settlement.

I should like to emphasize here that the establishment of such co-operative settlements or colonies or co-operative garden suburbs can only be facilitated if the Improvement Trust and the Local Government afford them the necessary initial aid. The nature of the aid which the Calcutta Improvement Trust can afford to such housing societies will be evident if we consider how the Bombav City Improvement Trust has helped the Bombay Housing Societies—specially the "Saraswat Co-operative Housing Society" which had been granted a very important concession by the Bombay Trust as regards the payment of ground rent. The society had

been fortunate in securing land from the City Improvement Trust at a reduced rate and the other important concession the society had received was that under the Trust rules a lessee had the option of paying the whole price of the plot taken by him within five years of the date of lease which in the case of the society had been extended to twenty years. These are important concessions which, I believe, it is within the power of our Improvement Trust to grant to any such housing society as may be started in Calcutta. The Saraswat Co-operative Housing Society not only received concessions regarding land, but it also received cheap finance from a Bombay philanthropist, the Hon'ble Sir P. D. Pattani, who gave the society a long-term loan of Rs. 24,000 at 4 p.c. growth of the Co-operative Housing Movement in Bombay it was felt that, as in other countries, state financial help was necessary to make further progress possible. The most important method of state aid to co-operative housing in European countries consists of special facilities such as long-term loans at a low rate of interest, sale or lease of land on easy terms, guaranteeing interest on loan bonds, exemption of taxes on houses for the first few years, etc. Ever since its inception the Bombay Co-operative Housing Association, under the able leadership of Messrs. Talmaki and Orr has been repeatedly asking Government to afford some such aid to the projected Co-operative Housing Societies in Bombay. At first the Government of India refused to allow local governments to grant loans to Co-operative Housing Societies. They held that such societies should be financed by Central Co-operative Banks and similar institutions which have been established for the purpose of financing co-operative societies. In reply to this the Bombay Co-operative Housing Association pointed out that Co-operative Housing Societies required capital repayable by easy instalments over periods varying from 20 to 50 years; and it was notoriously impossible for any banking institution to advance loans for such long periods as these and this fact had been amply recognized by the Maclagan Committee on Co-operation. Moreover, the rates of interest charged by the Central Banks or the Provincial Bank are such as to place advances from them beyond the reach of any ordinary Housing Society. The Government of India have yielded at last and have allowed local Governments to

advance long--term loans to Co-operative Housing Societies within their jurisdiction. The Government of Bombay took the earliest opportunity of affording such financial assistance. communique issued early last year they said--"The most appropriate and effective direction in which such assistance can be given by Government is by the grant of State loans, with adequate safeguards, to co-operative societies which have for their object the provision, on the lines of co-partnership tenancy, of dwelling houses at moderate means and in suitable localities for the accommodation of workmen, clerks and other classes of the population, on whom the present conditions in respect to house accommodation press most heavily. The Government are prepared to make advances to societies upto a limit of Rs. 5 lakhs during the next financial year. Ordinarily interest will be payable on such advances at the rate of 6 per cent. per annum, but in special cases in which Government are satisfied that there are strong grounds for making a concession in this respect a lower rate of interest will be charged". I believe that the Government of Bengal who are staunch supporters of the co-operative movement, will follow in the wake of Bombay if a genuine and earnest Co-operative Housing Movement is initiated in Calcutta and the suburbs.

I propose here to describe a way in which co-operative housing can be developed in the easiest manner and with the least possible delay. There are, I believe, at least 50,000 clerks serving in the various Government, mercantile and railway offices. These clerks who form an indispensable part of the body politic and whose welfare it should be the concern of all employers to promote, have been hardest hit by the prevailing high rents. the employers of these clerks in co-operation with the Calcutta Improvement Trust, can help in the inauguration of suburban co-operative settlements, not only will great relief be afforded to a most deserving class of long suffering men, but a great step will have been taken towards removing congestion in the city. mill authorities may similarly help in the establishment of co-operative labour colonies or Workmen's Co-operative Building Societies on the Danish model. In Copenhagan there is a Workmen's Co-operative Building Society which builds large model dwellings which remain the property of the society.

These dwellings, containing many flats, all light, roomy, airy, and with all modern conveniences, serve as dwellings for members only. The members are joint owners of the buildings, and pay a weekly rent for the flat they occupy. Each member pays an entrance fee of two guineas to meet expenses of administration and sinking fund. When a member moves into one of the flats he has to pay f.14 to f.25 according to the size of the flat. On these contributions an annual interest of 4 per cent, is paid by the society. The rent charged is just enough to cover interest on cost of building, taxes, repairs, and a moderate addition which is put aside to meet extra expenses. For each division of the society that is the collective families living in a building, the rent is gradually reduced as the loan on the building is paid off and this represents the profit of the members. Instead of gradually acquiring his own house he gets a reduced rent, but only as long as he remains a member of the society. If a member moves away from the society's building or withdraws from the society, the society refunds him his part in the property, but he cannot sublet his flat to a third party. The society disposes of the flat which is let to a new member who pays to the society a sum equal to that which the society has had to pay the member who left. In this way all chance of speculation in the flats is removed.

The aim of the society is to build as perfect and as cheap dwellings as possible, and for that purpose it has become its own contractor whereby it has accumulated very valuable experience. It also attempts to produce its own building materials and has bought a brick works, producing annually four million bricks which has proved a very profitable venture. It has also built a factory for casting cement goods (pipes, bricks, tiles, &c.) and a plaster of Paris works. The cement is purchased from the cooperative cement works, the Co-operative Building Society being a member of the Co-operative Cement Works Society. The Bank of the Co-operative Building Society is the Danish Co-operative Bank, of which society it is also a member. The co-operation between these various co-operative societies has been found very useful.

The Workmen's Co-operative Building Society has built nine large model dwellings with more than 600 flats, at a total cost of

£, 240,000, and several more dwellings are in the course of erection. The model dwelling houses and flats in these are very good and convenient, and the rent is considerably cheaper than that of equally good flats in other similar buildings. If the mill authorities round about Calcutta help in the establishment of such societies for their employees, they will considerably increase the efficiency of labour and make it less shifting and migratory. when land is still comparatively cheap in the suburbs is the time for establishing such co-operative settlements or building societies. The G. I. P. Railway Company and the Government of Madras have already shown the way and it is for us to follow. The former has promoted a Co-operative Housing Society among its employees. One great advantage of such housing societies amongst employees is that it creates a contented body of men who think their interests are interwoven with those of their employers and the chances of strikes are thus reduced to a minimum. Similarly, the Government of Madras propose to acquire a broad belt of land for the establishment of a colony of menial Government servants, and offer to assist the proposed Government Servant's Co-operative Building Society and other building societies in the establishment of co-operative It may be mentioned in this connection that a sum of Rs. 4,75,000 has been entered in the current Madras Budget for loans to Co-operative Housing Societies. I would suggest therefore that the big commercial houses of Calcutta should actively encourage the formation of Co-operative Housing Societies amongst their permanent staff, both Indian and European. These commercial houses are in a position to acquire for such societies, important concessions from the Improvement Trust and to advance cheap long-term loans to them repayable by convenient instalments. The loans have excellent security in the salaries of their employees and in the contentment which they will enjoy. Similarly the Government of Bengal may very well follow the example of the Government of Madras by encouraging and assisting the different classes of Government servants including Secretariat clerks in forming Housing Societies.

By affording such facilities to their employees the Government, the commercial houses and the mill-owners will not only be conferring a great boon on deserving classes of people, but they also would be indirectly solving the problems of high rents and of public health. The removal of so many men out of Calcutta will have the effect of considerably increasing the building accommodation of the city, and what is most important, the low rents, charged by the co-partnership tenancy societies, will have the deterrent effect of generally lowering the level of rents in Calcutta. Besides, the example of so many co-operative housing societies will not be lost upon the upper middle classes who also suffer as greatly from the prevailing high rents, and who have in the Bangalore City Gavipur Extension Co-operative Building Society a model on which they may proceed to organize themselves in Calcutta.

This Bangalore Society was started in January 1916, with the active help and co-operation of the Registrar of Co-operative Societies in Mysore. Its members are all holders of building sites in the new extension of Bangalore, known as the Gavipur Extension: it is significant that special facilities were afforded by Government to its servants to acquire sites in this new area which was developed at the cost of the Government and of the Municipality. The following are the chief objects of this society—(1) to provide facilities to its members in securing loans for long periods at a low rate of interest; (2) to purchase material in bulk and sell to its members at rates far below the prevailing market rates and (3) to arrange, if desired by the members, for the construction of houses under its supervision. The society has already built 22 houses which are all occupied. This type of society is admirably suited to those amongst us who wish to have independent houses of our own, but who, for want of adequate funds, cannot do so.

The agitation against the exaction of landlords has led the Local Government to introduce a Bill in our Legislative Council for limiting house rents; but, as I have pointed out, this measure, being of a temporary nature, would afford only partial relief, and there is every likelihood of reversion to the present conditions when the new Act became inoperative three years later. It is therefore a matter of urgent necessity that every possible encouragement should be given to housing enterprise now, before the shortage of accommodation became more serious, and it is of the highest importance, that Government should encourage building enterprise in every possible way and at this juncture their timely assistance

in the way of liberal loans to Co-operative Housing Societies on easy terms will be likely to yield excellent results in the shape of a rapid extension of buildings for the middle classes who are now feeling the severe pinch of high rents. I would, therefore venture to suggest that Government should appoint a representative committee to investigate the possibilities of Co-operative Housing in and around Calcutta and to suggest definite lines of action relating thereto. Meanwhile I would appeal to all who sympathize with the Co-operative Housing Movement to join the Bengal Co-operative Organization Society and to carry on a vigorous propaganda in furtherance of it.

# HINTS ON THE AUDIT OF THE ACCOUNTS OF CO-OPERATIVE CREDIT SOCIETIES AND INSTRUC-TIONS FOR THE KEEPING OF ACCOUNTS BY DISTRIBUTIVE SOCIETIES AND STORES.

#### A PAPER FOR THE CO-OPERATIVE TRAINING CLASS

# [By BABU BATA KRISHNA DAS, Offg. Chief Auditor, Department of Co-operative Societies, Bengal.]

- I. The following books, forms and documents are maintained by the Societies doing credit business, such as, Co-operative Central Banks, Co-operative Town Banks, Agricultural and Industrial Societies and so on:—
  - (1) Registered By-laws and Certificate of Registration.
  - (2) Proceedings or Minute Book.
  - (3) Register of Members and their Nominees.
  - (4) Register of Property and Debts of the Members.
    (Maintained by Societies with unlimited liability only)
  - (5) Cash Book.
  - (6) Register of Shares (not maintained by Agricultural Societies which are not formed on share-basis).
  - (7) Register of Deposits and Borrowings.
  - (8) Register of Loans.
  - (9) Register of Dividends.
  - (10) General Ledger (not maintained by the Agricultural Societies or small Urban Societies).
  - (11) Inspection Book.
  - (12) Receipt Book (with counterfoils or with arrangement for carbon copies).
  - (13) Share Certificates (with counterfoils).
  - (14) Bond Forms.
  - (15) Deposit Pass Books,
  - (16) Loan Pass Books.

The following detailed instructions should be followed in auditing the accounts of a Central or a primary Credit Society with limited or unlimited liability:—

- (1) The period for which the accounts are audited and the audit statements are now prepared should be stated.
- (2) The date of the last audit and the name and designation of the last audit officer should be mentioned.
- (3) The last audit report or audit note should be thoroughly gone through and the defects pointed out at the last audit which have not been rectified upto date should be clearly stated and steps should be taken immediately to get them rectified.
- (4) The distribution of the net profit of the society as exhibited by the last year's balance sheet should then be carefully scrutinized and all short or excessive or illegal distributions should be brought to the notice of the office-bearers and noted in the present audit note.

The examination of the different registers and documents will then proceed in the following manner:—

# By-laws and Minute Book-

Go through the by-laws carefully and also the proceedings book and take notes for your guidance, while checking the different branches of transactions carried on by the society during the period of audit.

# Register of Members and the Register of their Debts and and Property—

- (a) Check the entries as per Register of members with the amounts of admission fee credited in the cash book.
- (b) See whether the admissions and expulsions of the members were sanctioned at the *panchayet* meetings, and whether the Property and Debt Register has been correctly filled up in respect of every member.
- (c) See in the case of share basis societies whether at least one share has been subscribed by every member.
  - (d) See whether the Register of members is correctly filled

up and signed by every member (all defects and incompleteness should be got rectified and made up on the spot).

- (e) Test some of the entries in the Property and Debt Register by reference to the members and their neighbours, and where possible, to some of their outside creditors.
- (f) See whether receipts were granted for admission fee and share money realised from the members.
- (g) See whether the members reside within the area of operation of the Society.

# Deposit Ledger-

- (a) Check all the entries on the receipt and payment sides with those in the Cash Book.
- (b) See that receipts have been granted for deposits received and vouchers obtained in respect of deposits repaid.
- (c) See that Pass Books have been issued to the depositors and in case of borrowings, a copy of the bond executed by the society has been kept. Verify the entries as per the Pass Books with the amounts entered in the ledger and also with the verbal statements of the depositors as far as possible.
- (d) See that the rate of interest allowed on deposits and borrowing were duly sanctioned at the previous general meeting, or where the *Panchayets* were empowered to fix such rates, at the *panchayet* meetings.
- (c) See that the borrowings were sanctioned at panchayet meetings and also find out upto what extent the panchayet were empowered by the General Meeting to incur such liabilities.
- (f) See whether the society has introduced any indigenous rules to teach thrift, such as, deposit of small savings on every hât day or at monthly meetings, deposit of the sale proceeds of moosti rice saved from each day's meal, and small contributions to a common village fund and also contribution towards share capital by subscribing additional number of shares and so on.
- (g) See that all withdrawals of deposits and all repayments of borrowings were made on or after the due date.
- (h) See that irregularities in the matter of repayment of borrowings and deposits before the date of maturity were dealt with according to the rules framed by the society.

# Share Ledger-

- (a) Check all the entries on the receipt and payment sides with those in the Cash Book.
- (b) See whether receipts were granted for share money received and vouchers were taken for share money refunded and also surrender of old share certificates demanded.
- (c) See whether share certificates have been issued in accordance with the rules—(some societies grant certificates as soon as the first call is received while others issue them after all the calls prescribed in the by-laws have been received).
- (d) See whether refunds, withdrawals or transfers of share capital were sanctioned according to the provisions of the by-laws.
- (e) See whether calls made in accordance with the by-laws have been duly responded to and note all cases where shares have become liable to forfeiture for non-payment of calls.
- (f) See whether the shares were duly alloted at the panchayet meetings.
- (g) Check counterfoils of share certificates with the share redger.

# Loan Ledger-

- (a) Check all the entries on account of grant and repayment of loan (with interest) with the corresponding entries in the Cash Book.
- (b) See whether loans were granted with the sanction of the committee meetings.
- (c) See whether the names of the sureties and the term of repayment as noted in the bonds have been correctly noted in the Loan Ledger.
- (d) Get defects noticed in the ledger rectified on the spot as far as possible.
- (e) See that receipts are granted for payments made by the borrowing member. (This system is not in vogue in rural societies).
- (f) See whether Pass Books have been issued to the borrowing members and check as many of them as possible with the entries in the ledger and with the verbal statements of the borrowers.

#### Bonds-

- (a) See whether the bonds have been correctly drawn up, kists have been correctly fixed in accordance with the provision of the by-laws or instructions issued by the Department, and whether sufficient number of sureties as required under the by-laws taken.
  - (b) Detect and get rectified all defects in the bonds.
- (c) Test the security of every loan outstanding against the members and prepare a list of overdue loans.
- (d) Enquire if any of the loan is irrecoverable wholly or partly, or if there are any loans the recovery of which is doubtful.
- (e) Trace the cause of the default and examine whether the extensions were granted by the *panchayet* after due enquiry and with the consent of the sureties.

# Register of Dividends—

- (a) Check the calculations of dividend as per this register and test their correctness and see whether the rate at which dividend has been calculated was duly sanctioned at the annual general meeting.
- (b) Check all items of payment as shown in this register with the entries in the Cash Book and satisfy yourself about the bona fide of the payments.

# General Ledger—

- (a) Check all the entries as per this ledger with the totals of each head of account in the Cash Book.
- (b) Total up the columns of receipts and payments under each head of account for preparation of the Cash Account for the period of audit, and strike balance to find out the amount that should be shown in the balance sheet and in the Profit and Loss Account.

## Cash Book-

(a) Examine whether all the entries on the receipt and payment sides have been ticked off already when the subsidiary registers mentioned above were checked.

- (b) Satisfy yourself about the genuineness of payment by reference to vouchers, and of receipts, by reference to the receipt counterfoils or any other document. Total up every page of the Cash Book and find out the actual cash balance in hand of the secretary or the cashier as the case may be.
- '(c) Verify the cash balance on the date of closing the audit by actual counting and record your cash verification remark in the Cash Book. Record a certificate of audit in the Cash Book stating that you have completed the statutory audit from—to—date.

It is very businesslike that the writer of the book and the cashier should sign the Cash Book as soon as the day's transactions are closed and you should advise them to do so, if they are found not doing.

(d) Scrutinize all items of payment made for establishment and contingencies and see that such expenditure is supported by sanction of competent authority and by budget grant.

# Preparation of the audit statements—

Audit statements consist of: -

- (1) Cash Account.
- (2) Balance Sheet.
- (3) Profit and Loss Account.

#### Cash Account-

In the Cash Account, abstract totals of each head of account is noted. (The abstract total is obtained by preparing cash abstracts from the Cash Book or from the totals as per General Ledger). The receipt and payment sides are then added up and with the total on the receipt side is added the closing balance of the last date of the present period of audit as exhibited by the cash book cash balance shown by the Cash Account prepared.

The totals of both sides must agree. The closing balance on the last date of the present period of audit must agree with the cash balance shown in the Cash Book.

#### Balance Sheet—

The Balance Sheet exhibits the outstanding assets and liabilities of the society as on the last date of the period of present audit. The figures are obtained from the General Ledger balances as well as from the statement of uncollected assets and unpaid liabilities. Every item on the assets and liabilities

sides is to be supported by detailed lists prepared from the Personal Ledger, Dividend Register, Register of Investments, Bill Books, etc. The correctness of the figures noted against different items of assets and liabilites should be tested by adding or subtracting the last year's outstanding figures as per last year's balance sheet, to and from the receipts and disbursements as per cash account for the present period of audit. It should be noted that investments in buildings, lands and other stock will be shown after allowance of sufficient depreciation.

## Profit and Loss Account—

All sorts of profits made and losses incurred by the society during the period of audit are noted in this account. The correctness of the entries in this account may be tested in the following manner:—

## Profit side—

- (1) Interest carned: Interest received as per cash account plus interest due as per assets side of the Balance Sheet minus interest due as per assets side of the last balance sheet.
  - (2) Other income: Same as above.

## Loss side—

- (1) Interest paid and due: Interest paid as per cash account plus interest due as per liabilities side of the balance sheet minus interest due as per liabilities side of the previous balance sheet.
- (2) Cost of management due and paid: Amount paid as per cash account plus amount due as per liabilities side of the balance sheet minus amount due as per liabilities side of the last balance sheet.
  - (3) Other items: Same as above.
- (4) Amount written off: Amount of assets as per previous balance sheet plus assets or properties acquired during the period of audit minus asstes and properties disposed of or sold minus assets and properties actually in existence on the close of audit.
- (5) Depreciation: Value of properties and stock as per previous balance sheet plus fresh investment in and purchase or acquisition of, properties and stock during the period of audit minus sale proceeds of any property or stock sold during the year

minus the present value of properties and stock as shown in the present balance sheet.

- II. The keeping of the accounts of Stores, Manufacturing, Productive and Distributive Societies involves a good deal of labour and complexities. At present in addition to all the registers and forms mentioned above, the following books are maintained by most of the Industrial, Distributive and Stores Societies.
- (1) Purchase Day Book or Invoice Book—To record purchases for cash or on credit of all goods. Goods previously sold but subsequently returned to the stores may be noted in the Purchase Day Book and treated as fresh purchases at the value at which they were sold, instead of keeping a Goods Return Book. In such cases a voucher should be demanded from the customer and the total amount as per Cash Memo. should be reduced by the value of the goods returned. On the voucher the number and date of the Cash Memo. should be quoted.
- (2) Sales Day Book—To record cash and credit sales. Goods purchased by the society but subsequently returned should be treated as goods sold at the value at which they were purchased and entered in the Sales Day Book instead of in the Goods Return Register being separately opened.
- (3) Personal Ledger—For recording credit purchases and credit sales and their payments and collections respectively.
- (4) Stock Ledger—For recording, receipt and issue of different kinds or varieties of goods.

The following forms should be maintained by the Stores and Distributive societies:—

- (1) Cash Memo Forms—To support every item of cash sale the following note may with advantage be printed at the bottom of this form—"N.B.—Members are requested to preserve this Cash Memo. as without its production no bonus or rebate will be paid".
- (2) Credit Memo. or Bill Forms—As soon as goods are sold on credit this form may be filled up in triplicate—two copies being sent out to the purchaser with the request to return one copy duly accepted and signed, and the third copy will serve the purpose of the office copy of the society.

- N.B.—General Ledger—In addition to the heads of accounts opened by the Banking Department the following additional heads should be opened:—
  - (a) Goods Account (Cash purchases and cash sales).
  - (h) Goods Account (Credit purchases and their repayment).
  - (c) Goods Account (Credit sales and their collection).
  - (d) Payment of rebate or lonus.

The Purchase Day Book or Invoice Book may have two columns for cash and credit purchases and should be posted from invoices of goods purchased for cash and on credit.

The Sales Day Book may similarly have two columns for cash and credit sales and should be posted from the carbon copies of the Cash Memos, and the Office copies of the Credit Memos, or Bills.

The Personal Ledger will be posted from the credit columns of the Purchase and Sales Day Books and from the Cash Book only when credit purchases are paid for and realization is effected for credit sales.

Stock Ledger will be posted from both the cash and credit columns of the Day Books.

### **CO-OPERATION IN MADRAS**

#### 1. Government and Co-operative Societies.

The Government of Madras, Revenue (Special Department) has issued the following G. O. No. 185, 20th January, 1920, passing orders on the proposals of the Registrar of Co-operative Societies for an increase in the staff of the Co-operative Department.

Order—No. 135, Revenue (Special), dated 20th January, 1920.

At the meeting of the Legislative Council held in April, 1919, the Government accepted the following resolution moved by the Hon'ble Mr. B. V. Narasimha Iyer:—

This Council recommends to His Excellency in Council that the Government should take all necessary steps for increasing the present rate of creation or formation of co-operative societies and should especially get appointed a larger number of officers (with staff) for the creation of new societies on an ampler scale.

2. The Registrar of Co-operative Societies has formulated a scheme to give effect to this resolution. He considers that, notwithstanding recent developments of the movement in the Madras Presidency, there are large tracts practically untouched or only partially developed, where it is essential to introduce the benefits of co-operation. In about half the number of taluks and independent deputy tahsildars' divisions in the Presidency, the number of co-operative societies now existing is less than ten per taluk or division, while in over 25 per cent. of such areas not a single co-operative society has been established during the fifteen vears which have elapsed since the passing of the first Co-operative Societies Act, 1904. To fill up these gaps and cover the whole of the Presidency with a net work of societies and unions requires persistent and systematic endeavour; and to achieve that end Mr. Hemingway has proposed a considerable increase in the Government staff now working in the Co-operative Department. The Government, while convinced that it would be a mistake to allow the co-operative movement to be permanently dependent upon Government agency for its growth and expansion, are, nevertheless, impressed with the Registrar's arguments in support of the additions he now proposes for the definite purpose of giving an impetus to the movement in the stage which it has now reached. Accordingly they have decided to accept the Registrar's recommendations and to sanction the entertainment of the following additional establishments:—

|                        |           | Existing         | STAFF TO BE ADDED IN THE |                | l o'al staff<br>at the end<br>of the | Penarka                                                                                           |  |
|------------------------|-----------|------------------|--------------------------|----------------|--------------------------------------|---------------------------------------------------------------------------------------------------|--|
|                        |           | Staff /          | Fusi<br>year             | Second<br>year | Second<br>Near                       |                                                                                                   |  |
| Assistant Regist       |           | 10               | 9                        | 4              | per<br>• to                          | e to alteration<br>en the question of<br>manent additions<br>Deputy Collectors'<br>lee is decided |  |
| Inspector (Mana        |           |                  |                          |                |                                      |                                                                                                   |  |
|                        | —10—150)  |                  | :                        | •••            | 1                                    | 4. 111                                                                                            |  |
| Chief Inspector<br>Do. | (60-2-80) |                  | 1                        | •••            |                                      | to be clerks                                                                                      |  |
| ъо.                    | (00-200)  | 9                | 10                       | 4              | 2,3                                  | Dc                                                                                                |  |
|                        |           | 12               |                          |                | 27                                   | _                                                                                                 |  |
| Inspector (40-2        | 1/2-60)   | 64               | 70                       | 33             | 167 Inclu                            | des 27 clerks.                                                                                    |  |
| Do. (30—2-             |           | •                | 19                       | 25             |                                      | des 45 clerks                                                                                     |  |
|                        |           |                  | .,                       | -5             |                                      | -                                                                                                 |  |
|                        |           | 103              |                          |                | 280                                  |                                                                                                   |  |
|                        |           |                  |                          |                |                                      |                                                                                                   |  |
| Clerks (30)            |           | . 12             | 9                        | 4              | 25                                   |                                                                                                   |  |
| Do. (25)<br>Do. (20)   |           | 9(a)<br>19<br>40 | 9                        | 4<br>8         | 45 san<br>—— Ass                     | scludes the clerk<br>ctioned for Deputy<br>astant Registrar,<br>njam.                             |  |
| Muchi (12)             |           | . I              |                          |                | 1                                    |                                                                                                   |  |
| Do. (10)               |           |                  | To be                    | abolished.     |                                      |                                                                                                   |  |
| Attenders (10)         |           | 9                | 11                       | 4              | 24                                   |                                                                                                   |  |
| Peons (8)              | _         | 6(b)             |                          |                | 6 (b) Ex                             | cludes two peons                                                                                  |  |
|                        | ·         | •                |                          |                | san<br>Ass<br>Ganja                  | sanctioned for Deputy<br>Assistant Registrar,<br>Ganjam.                                          |  |
| Do. (7)                |           | 23(c)            | 1.4                      | 8              | 45 (e) Ex                            | cludes the peons                                                                                  |  |
|                        |           |                  |                          |                | for                                  | for Honorary Assist-<br>ant Registrars but                                                        |  |
|                        |           | 43               |                          |                |                                      |                                                                                                   |  |
|                        |           | -                |                          |                | for Ask                              | the Inspectors,                                                                                   |  |

The subordinate staff should be entertained as required with reference to the number of societies to be organized from time to time.

- 3. It is anticipated that with this additional staff to assist him the Registrar should be able to organize in the next two years nearly 4,500 societies in addition to the 3,700 already existing. As the union system and with it the method of inspection by supervisors paid by the societies themselves will be developed at the same time as the formation of new societies, it may be expected that State Funds will be relieved at an early date of a substantial portion of the charges on account of inspection which are inevitable in the immediate future. It is not possible to predict with equal confidence that societies will be prepared simultaneously to take over the expenditure on account of audit which from the inception of the movement has been a charge on the general tax payer. The Government have considered whether, in return for the substantial help they now propose to give to the movement from State Funds, societies should not be called upon to contribute a portion at least of the cost of their audit. The Government are advised, however, that, in the present state of co-operative development, societies can ill-afford to undertake any new liability, and they have accordingly decided to continue for the present to bear the cost of audit, so far as it is now borne from Provincial Funds. They trust that before the expiry of five years, for which period the present additions to the staff are temporarily sanctioned, co-operators will have devised means whereby the Government will be relieved of the cost of audit either in whole or at any rate as to a substantial part thereof.
- 4. The staff including that which is about to be entertained will provide an Assistant Registrar for each District except Madras, Anjengo, the Nilgiris and the three districts of Ramnad, Madura and Tinnevelly which will be divided up between two Assistant Registrars.

## 2. Government Assistance to Co-operative Housing in Madras.

The Government propose to acquire a broad belt of, and adjacent to the new road for the establishment of a colony of menial Government servants and to offer to assist the proposed Government Servants' Co-operative Building Society and other Co-operative Building Societies in the establishment of other colonies in this direction. In this connection may be mentioned the fact that

a sum of Rs. 4,75,000 has been entered in the budget for loans to co-operative societies for building.

#### 3. Co-operation in Travancore.

There has always been an inclination in India to be tender in dealing with the co-operative credit movement. It was specially noticeable in Madras, and the same thing prevailed in other provinces. If ever mistakes were made it was in the early days of co-operation, but the Government of those days affected to shut their eyes and spoke soft and soothing words regarding the remarkable progress that was being made; how necessary it was to encourage the movement, but not to hustle it, and many other honeyed phrases. The reasons for this were obvious. Co-operation was a delicate exotic with a tendency to struggle and out-grow its strength; one that needed every encouragement to take root. and, once it had done so, judicious watching to see that it did not spread riotously and unfruitfully all over the country. Suddenly, one fine day, we were surprised to see that both the Madras Board of Revenue and the Government had issued reviews of the progress of the movement which were, what such reviews ought to be, a severely critical, but not unkindly, pointing out of directions in which the movement had failed, where success had been secured. and where reforms were necessary. This showed that the Government considered that the Department had at last found its feet, and that the time had come when it ought to be given infallible directions in the way that it should go in future. That a similar state of things was prevalent all over the country was evident from the number of Conferences that were held at the time, and the amendment of the first Co-operative Credit Societies Act. Since then the movement has been steadily expanding, all the better for informed and intelligent criticism.

We have been reminded of these early days and lenient policy pursued in Madras by reading the Registrar's report on the progress of co-operation in Travancore in 1918-19. The report itself is a very interesting document, but the Government review is a colourless summary of the facts and figures included in the report, winding up with these words:—"The Government note that the Department has made steady progress during the year."

Only this and nothing more! And yet the report is fully of points on which a little kindly criticism and guidance were badly wanted. We know, for instance, that the Central Bank failed to realise its responsibilities and carry out its duties, and has had to be reorganised on a new basis, and we are told that societies had a "penchant" for resorting to the Central Bank on the slightest provocation without relying on their own resources. It was mevitable, that, with a peasantry steeped in debt to the moneylender, the first conception of a co-operative credit society would be a source from which money was easily available. The lesson that co-operative credit means a good deal more than that has taken a long time to be learned, and it is doubtful if it has yet been learned. Certainly it has not in Travancore, where the Registrar states that "co-operative primary societies appear to have been viewed by the majority of members more as a hundi shop for the purpose of getting loans according to their discretion at any time." In their turn the primary societies regard the Central Bank as a hundi shop, and the Central Bank took few, if any, steps to supervise the work of the societies. Here are the makings of as complete a co-operative failure as it is possible to have, and it is to the credit of the Registrar and his coadjutors that it did not take place. With borrowers only too willing to take loans and none too scrupulous as to the period in which they return them, with some societies almost as bad and an inefficient Central Bank, anything might have happened to stop the progress of co-operation in the State for all time. That it did not happen is due to the vigilance of the authorities, and also to the fact, we hope, that the greater number of members and co-operative societies had a better knowledge of their functions and duties than the mere obtaining of loans on easy terms.—Madras Mail.

## CO-OPERATION AT JAMSHEDPUR

A representative meeting of the residents of Jamshedpur was recently held at the Tata Institute Hall under the presidency of Mr. S. K. Sawday, Town Administrator, in connection with the formation of a big Co-operative Stores here, held on the evening of the 7th instant at the Tata Institute Hall under the presidency of Mr. S. K. Sawday, Town Administrator, in connection with the formation of a big Co-operative Stores here, the bye-laws of which combine the best features of both Co-operative Societies and Joint Stock Companies. The novelty in the present stores consists in—(a) plurality of votes for members; (b) voting by proxy; (c) reduction of the statutory reserve from 25 per cent. of the profits to 10 per cent; (d) provision for additional reserve. Two of the special features of the society are—(1) the manufacture of commodities; (2) undertaking orders for the supply of labour and material.

The President explained the history of the stores in a neat little speech. Mr. D. M. Madan (Sales Manager) proposed that the report of the committee, appointed to frame a draft constitution for the proposed stores society, be approved and adopted. This was carried nem-con. The next resolution authorised the chairman to obtain signatures on the usual forms and to transmit the same to Government for registration under the Co-operative Societies Act. The next resolution appointed a committee of management consisting of 11 members—representatives of all communities residing at Jamshedpur with Mr. Sawday as Chairman and Mr. Madan as Secretary.

Mr. Brokenshire of the Welfare Department of the Tata Iron and Steel Co., Ld., announced that applications for shares to the extent of Rs. 66,000 have been received up to date and that the Directors of the Steel Works have sanctioned a grant of Rs. 25,000 for the society for the current year. The society is expected to start business almost immediately.

#### **EXTRACTS AND SELECTIONS**

#### 1. The Bramho Samaj and Co-operative Housing.

[By R. N. P. Gufle, formerly Vice-President of the "Brahmo Garden Homes Society", Holker's Dominions, Indore.]

The Calcutta Rent Bill, introduced in the Bengal Legislative Council, and the general housing difficulty in Calcutta, as seen from the wealth of correspondence in the Calcutta Dailies, prove that each community should now "do its bit" in helping the Government, the Corporation and the general public to help itself. Professor Geddes in his magnum opus, as he calls it, styled "Town Planning Towards City Development," a Report to the Durbar of Indore, has adopted my suggestion for a Bramho Moholla or Bramho Garden Colony and recommended that the other communities should also follow suit. However, the reservation of all building sites by the State throughout the city, until the scheme of Prof. Geddes is sauctioned, has resulted in a slump in the activities at Indore in this direction.

This cannot be regarded as a reflection on the merits of the proposal, but the principal reason why the Bramho Samaj community should take up the scheme before the other classes and castes is that it is not a class nor a caste. It is a community, but it lacks that solidarity which a body of enlightened followers of a pantha is expected to possess. Apart from this, modern advance in the ideas of social reconstruction of the economic groups have advocated the removal of all absolute and illiberal ideas, while judiciously introducing forces which will provide useful facilities and bring about greater cohesion and harmony.

I was able to suggest such a scheme of social betterment to the Bramho Samaj of Indore, and it is a compliment to the progressive spirit of the Samaj that some of the most influential persons among them came forward to work for the scheme. The Bramho Garden Homes Society was established and the House Building Board's sympathy and co-operation were secured. The only stumbling block was the "earth hunger," if I may so term it, of the State, and consequently the Samaj has to wait, till the Government of His Highness finds time to take the Geddes Report from the shelf and release the land for building purposes.

I feel that difficulties of this sort are not likely to occur in Calcutta, and the Bramho community too is more wealthy and it numbers a larger proportion of the population of the city in which it lives. I propose, therefore, that the Samaj should form a Committee, called the Bramho Garden Colonies Society of Calcutta, which should provide a compact site for a self-contained "garden

village" with Housing on Co-operative lines. What such a Society is can be easily studied from the pamphlet, "a House Building Scheme in the Indore City," published by me as the Secretary of the House Building Board, the prospectus of the Provident Building Company, Calcutta, and a hundred other publications. If the Bramho Samaj is willing to move in the matter, as a humble member, I am willing to serve it honorarily in any capacity.—
Indian Mirror.

#### 2. Co-operation in Agriculture.

Co-operation and agriculture may be dull and prosaic subjects to discuss, but they have at least one merit as compared with other more exciting topics they put money into people's pockets. Lord Ronaldshay, the other day, at the first annual meeting of the Board of the Bengal Agricultural Department, showed how greatly the rice and jute crops of Bengal have been increased, and what large sums have thus been added to the agricultural wealth of the province, as the result of scientific research turned to account by the cultivators; and His Excellency looked forward to far greater results vet to come. It would be quite true to say that the research work of the Government experts will bring riches to the province beyond the dreams of avarice. Co-operation is another beneficial agency the potentialities of which are not yet half developed. A proposition calculated to advance its utility was submitted to the Board of the Agricultural Department by Professor P. Mukherjee, Honorary Secretary of the Bengal Co-operative Organization Society. In brief, the suggestion is that the Departments of Co-operation and Agriculture should act together in promoting local "production and sale societies" and also in ctsablishing a central agricultural wholesale society for the purchase and distribution of agricultural requisites. Hitherto the co-operative movement in India has been developed mainly by credit societies. At Home it is the co-operative store that has flourished. There are obvious reasons for the difference. In England the chief need of the working and middle classes has been the cheapening of necessaries. This was the object of the Rochdale Pioneers, and this is the main reason why the growth of distributive co-operation has dwarfed that of all other branches of the movement. In India the chief need of the raivat is relief from debt. Co-operative credit frees him from the moneylender and gives him the advantages of Almost all the co-operative societies in Bengal are of the agricultural credit type. The advantages they have secured for the cultivators are enormous. Nevertheless, it is possible to argue, as Professor Mukherjee does, that the development of the movement is one-sided, and that there is much more to be done besides the giving of loans. Much more, in fact, has been attempted, for co-operation has been applied in India to a variety of objects such as would make British co-operators rub their eyes in bewilderment. What Mr. Mukherjee proposes is a plain and logical development of

the credit system—the establishment of societies, local and wholesale, which will enable the raivat to apply his borrowed capital to the best advantage. A central agricultural wholesale organisation, acting in conjunction with local bodies formed after the model of the production and sale society at Naogaon, would provide an agency for the wholesale purchase of such requisites as seeds, manures, and implements, and for the sale of produce. Mr. Mukherice's idea is to emulate the work of the Irish agricultural wholesale society in supplying goods to affiliated bodies to be retailed to members, and assisting in marketing produce. The Irish society reduces the cost and, as far as possible, guarantees the quality of the seeds, fertilisers, and other requisites which it supplies; and it markets produce on a very low commission and with a guarantee against bad debts. Mr. Mukherjee's ideas go beyond this useful work, for he suggests the possibility of a wholesale society in Bengal which will not only supply agricultural requisites and organise the sale of agricultural produce but which in time may perhaps undertake the work of the miller and manufacturer. Finally, he pictures the glowing vision of provincial organisations federated into "a great All-India Agricultural Wholesale Society which will be the envy and the wonder of Whether such a prospect will move enthusiasm in the mind of the average politician is doubtful. To those who are more interested in the material welfare of the people than in the east wind of political agitation, the development of the co-operative movement on the lines indicated, side by side with the work of the Agricultural Department, will seem an object worth every effort that can be made for its promotion. One can only wish that the co-operative principle were applied with equal energy for the benefit of our city dwellers as for the assistance of the raivat -- Statesman.

### 3. Extract from Mr. G. K. Devadhar's Presidential Address at the Jalgaon Co-operative Conference held in February last.

Speaking generally of the services of the co-operative movement in India and its vast potentialities to assist the progressive and patriotic task of working out problems of reconstruction before the nation, as a result of the new era ushered in by the Indian Reforms Act accompanied by His Majesty's Gracious Proclamation conferring blessing thereon, and showing His Majesty's great sympathy with the Indian people by sending His Royal Highness the Prince of Wales to inaugurate the new era by visiting India, Mr. Devadhar divided the problems before the Government and the people in two groups—the Urban and the Rural. He pointed out that 90 per cent. of the population of India to-day lived in villages and, therefore, any scheme that outlines reconstruction must necessarily take due cognisance of the needs of this vast bulk of the population residing in rural areas, conditions in which differ materially from those obtaining in towns and cities—There is, besides, a large class of people residing in towns and cities whose wants also deserve

to be carefully studied. "Let us see," said the speaker, "what the co-operative movement was able to achieve in serving both the rural and the poor urban classes in other countries and let us also learn sound principles, useful methods and valuable lessons from its progress outside." After pointing out the trend of the co-operative movement in progressive countries in the West, Mr. Devadhar gave figures to show its growth in India, in Bombay, and in the two districts of Khandesh indicating its comparative position. The progress so far achieved in the country and in two districts of Khandesh was, in his opinion, encouraging though compared with other countries they were nowhere. If the two districts of Khandesh are compared with the other districts of the Presidency, they were comparatively backward.

#### NEW Types of Co-operation

They, in India, said the speaker, had so far concentrated their attention on the development of rural credit and it was quite natural, that being the prime need of the peasantry. But the time had come when new types of co-operation had to be multiplied to serve the varied interests of the agriculturists. Thus, the formation of purchase and sale societies had to be undertaken necessarily. He then pointed out the channels in which greater co-operative effort should flow to fertilise the whole of the field of agriculture and its wants and in mentioning the classes among whom co-operative propaganda had to be preached with a view to enlisting their sympathies, he enumerated (1) the small traders, poor artisans and the struggling middle class, (2) the women who largely handle provision, and (3) students and children who are potential citizens, and described the various needs of these classes which could be supplied by co-operative organisation. He then pointed out that co-operation was not only an economic force but was a powerful lever for lifting up the masses by training them in the use of political power, namely, the vote. The Indian co-operative movement was, in his opinion, really the most democratic and representative movement of all those that were started in this country during the last generation and as such in the new era that was then dawning on India when their responsibilities increased more perhaps than their rights, the movement was playing and was expected to play a large part in training the voter in intelligently understanding his duties and responsibilities and in learning lessons of selfhelp. Quoting from a book, "Rural Re-construction in Ireland," written by one connected with the Irish Agricultural Organization Society, he pointed out how the undue importance attached to the political question by the Nationalist party in Ireland really weakened the character of the Irish farmer as a producer of economic wealth by absorbing all his energy and how it rendered the Irish farmer receptive to shadowy appeals. This description was, the speaker said, to some extent applicable to the result of the present political activities in India and it was necessary to be cautious.

Before concluding, he spoke of the higher end of co-operation and referred to the speech recently delivered by Justice T. V. Sheshagiri Ayyar at the last Madras Provincial Co-operative Conference in which the latter said: "The end and aim of Co-operation is neither purely business nor purely altruism." Speaking of the other services by means of Co-operation, the President suggested that co-operators in villages could arrange for securing improved sanitation and provision of medical relief on a small scale.

One of the great and healthy results of the expansion of the co-operative organization would be to bring the town and the country into closer touch and to establish an intellegent understanding with regard to the needs of each other. Before concluding his epeech, Mr. Devadhar asked the co-operators to consider the bearings of the many important resolutions that would be moved at the Conference and to carry them out in practice in the belief that thereby they would be doing a very practical service to their countrymen in a truly patriotic spirit.

#### **CO-OPERATION ABROAD**

#### The Irish Agricultural Organization Society.

What it is doing for Ireland.

Mr. R. A. Anderson, the Secretary of the Irish Agricultural Organisation Society contributes the following article to the *Times*:—

The movement, for which the Irish Agricultural Organization Society (commonly known as the "I. A. O. S.") stands, to-day occupies a position unique in this fertile birthplace of organizations, leagues and movements. The rival of no other Irish movement, it has attached to it and held, by its simple spell, adherents of Parnell, Redmond Dillon, and Carson. Yet its work is little known to many Irishmen, although very quictly, but surely, a revolution is being effected in the rural life of Ireland. There are over 1,000 societies, all independent, self-governing, self-reliant bodies, with a membership of 1,20,000 representing about 6,00,000 of the rural population, and their united trade exceeds £1,20,00,000 annually. These societies exist in every country. They comprise creameries, poultry-keepers' societies, credit banks, agricultural societies, flax-growers societies, milling societies, baconcuring societies, co-operative abattoirs, knitting and other women's industries. Other societies own and hire out to their members the more expensive kinds of farm machines, which by means of common ownership, are available to the smallest farmer.

Recently, a large proportion of societies have added to their business that of supplying their members with domestic requirements. The growth of profiteering has given this development a great impetus, for in the cooperative society the consumer finds the most effective protection against extortion. The I. A. O. S. does not, however, organise societies exclusively, or even primarily, for this purpose. Its main object is to give the organized farmers the status of manufacturers, by enabling them to procure the raw materials of their industry at wholesale prices; to reform their methods of production in order that the volume of the product may be increased and its quality improved; to secure cheaper freights, lower transit charges, and a reduction in the cost of marketing by placing on the market regular and ordered consignments of first-class farm and dairy produce. The I. A. O. S. does not claim to have completely solved all these dufficult problems. But it may justly lay claim to having accomplished much in that direction.

#### THE VALUE OF EXAMPLE

Farmers, as a class, are conservative. They are slow to exchange old methods for new. The pioneers of the movement used to be asked, "Who is to pay me for my loss if this new method fails?" That question is never

asked now. The farmer has come to realise that the co-operative society is essential to his business and enables him to do, in partnership with his neighbours, what used to seem impossible to him as an individual.

Until organized in societies, farmers are usually unenterprising, suspicious of each other, and unprogressive. Once they come together in a co-operative society and meet and exchange ideas, the example of the most progressive speedily becomes the practice of the entire community. To have effected any marked general improvement by attempting to educate each farmer separately would have been hopeless. By associating them for the purpose of common action, the energy necessary to convert one man suffices for the conversion of the whole community.

A co-operative society is a partnership in which each member enjoys equal rights, powers, and privileges. It is not to the interest of any member to get the better of his fellow-members; indeed, the constitution and methods of these bodies forbid the possibility of any such exploitation. Rather is it the interest of the richer and more progressive members to help their weaker brothers to climb up to prosperity with them. For the friendly chain which binds them all to work together for the common good must have in it no defective link. Thus is the uplifting of the weaker brothers accomplished without patronising on the one hand or sacrifice of self-respect on the other.

#### A Non-sectarian Movement.

In this movement the exclusion of political and religious questions is rigidly enforced. The sole qualification for membership is that the candidate shall be a "decent man". It is upon the observance of this rule that the strength and stability of the movement rests. Nowhere is its observance more strikingly seen than in the Committee of the I. A. O. S. This body, composed as it is, for the most part, of men elected upon the most democratic plan it is possible to conceive, includes members elected equally by all the four provinces. They profess divers religious beliefs (several are clergymen of different creeds), they represent every phase of political opinion, from Sinn Fein to Carsonism. Without abating one jot of their convictions, they meet regularly, amicably, and decorously to transact the affairs of the movement and to direct its policy.

The work of agricultural organization is extremely costly and laborious, and upwards of £2,20,000 has been spent upon it during the last 30 years. Of this, nearly £1,00,000 has been contributed by sympathisers with the movement, the societies themselves have found close on £50,000, and the balance has been supplied by grants from public funds. It is the aim of the leaders of the movement to make it self-supporting, but the backward condition of Irish education renders the attainment of this object difficult and slow. Nevertheless, the societies are now contributing three times as much as they did three years ago, and the self-supporting status would seem to be within sight.—(International Co-operative Bulletin, December, 1919).

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Extract from a letter from a Bihar Planter to his Calcutta Agents,

Dated 17th April, 1920.

| <u>CROP</u> <u>CHILLIES</u> |           |                                        |       |  |  |
|-----------------------------|-----------|----------------------------------------|-------|--|--|
| Plot                        |           | Dressing Sold per B                    | igha  |  |  |
| 1/1                         | •••       | 2 mds. Superphosphate & Sunnai R       | s. 93 |  |  |
| 1/2                         | •••       | do. do. do ,,                          | 95    |  |  |
| 1/3                         | •••       | Unmanured ,,                           | 26    |  |  |
| CRC                         | <u>)P</u> | WHEAT                                  |       |  |  |
| Plot                        |           | Dressing Average Re                    | turn  |  |  |
| 2/1                         |           | 2 mds. Superphosphate & Sunnai, Mds. 1 | 0-7-0 |  |  |
| 2/3                         |           | Unmanured ,, 2                         | 32-0  |  |  |
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### The Bengal, Bihar and Orissa Co-operative Journal

#### JANUARY, 1921

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#### MAY, 1921

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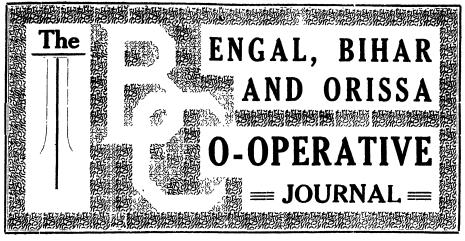
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Vol. VI JULY, 1920 No. 1

#### NOTES AND NEWS

With the present number our Journal enters on the sixth year of its existence. We gratefully acknowledge the literary support which it has so far received from some co-operators in Bengal, Bihar and Orissa. But if the Journal is to be the power for good that it ought to be it should receive a much larger and regular measure of that support. That alone will render it—to quote the words of H. E. Lord Ronaldshay—"The independent mouthpiece of the movement" in this part of India. We appeal to workers who are carrying the task of Co-operation in the Districts—Secretaries and Directors of Central Banks, Inspectors of Co-operative Societies, and Volunteers and Missionaries of Co-operation—to embody their experience and suggestions into contribution which might add to the utility and value of the Journal.

The active interest which His Majesty the King Emperor has graciously shown in the cause of co-operation is a welcome sign of the times. His Imperial Majesty has already forwarded a hopeful and instructive message to Indian co-operators which we always

inscribe on our title page. On this occasion His Majesty has manifested a practical interest in co-operation in England by purchasing a number of shares in the Farmers' Co-operative Association, as also by advising his tenants to become members. It was time that the ruling princes and the landed aristocracy of India followed this illustrious example and set strenuously to work to further the great cause in our country.

In a recent and valuable contribution Mr. Wolff reminds us that we have not come to the last words on the matter of our cooperative structure in India. He draws attention to some features of doubtful value on our guaranteeing unions. Mr. Wolff with his lifelong and world-wide knowledge of co-operation is the most proper person to advise on any want of elegantia in our co-operative development and it is well to ponder his advice carefully. He asserts and emphasizes the good work done by such unions,—"By all means let us turn to account for common business over a wider. though still sufficiently limited, area the stimulating action opportunely discovered in the grouping of societies." In his picturesque way he adds that "Indians under this aspect make poor soloists but sing well in chorus, where one voice supports the other. Independent criticism, vigilance and action, however, we must have. And to call forth such one might excuse guaranteeing unions being temporarily employed." The best commentary on this statement of Mr. Wolff is the remark of Mr. Clayton to the effect that these unions "are analogous to (and perhaps have as great solidarity as) the primary societies of Europe." According to Mr. Wolff the ultimate fate of our "guaranteeing unions" is to become "supervising unions," to be eventually merged into larger unions of the European type. His chief objection to the "guaranteeing unions" is the presence of the guarantee, which means the interlocking of the liabilities of the several societies united, resulting therefrom. He also adds that as each society in a union can only borrow funds with the permission of the committee representing the remaining societies, societies are too dependent on each other's good will and may be tempted to be too indulgent to the defects of others in order to secure a like complaisance towards themselves.

An answer has been attempted to these criticisms of Mr. Wolff by no less an authority than Mr. Ewbank. To the objection as to interlocking of liability it is retorted that "even in a Central Bank in which primary societies hold shares some interlocking of liability takes place. The difference between a Central Bank and a guaranteeing union in this matter is mainly one of degree." As to the other criticism of Mr. Wolff the answer attempted is that "a similar objection might be urged to practically all institutions organized on a democratic basis" and that "the interest of societies rather is to insist on strict management so that the total credit of the union may rise and more funds may become available for all the members than to snatch a momentary advantage by lowering the standard." The latter answer does not appear to us a very convincing one. How often in human affairs have men fallen before the temptation to lower their standard of achievement for the sake of a temporary advantage?

Mr. Wolff also urges that guaranteeing unions do not generally adopt the right standard for gauging the credit-worthiness of primary societies. This view of Mr. Wolff receives support from some very pertinent observations made by our esteemed contemporary—the Bombay Co-operative Quarterly—on the subject. It is emphasised there that "the credit-worthiness of a union depends on two factors—the ability and willingness to assess credit carefully and to forecast requirements methodically, and the maintenance of intimate touch between constituent societies by frequent intervisiting and mutual supervision. Now in both these directions, many of these unions have to be found fault with. . . . It will be sometime before the system can be deemed a satisfactory solution of one of the acutest problems of Co-operative Administration.

Thus, it is generally admitted that there is great room for improvement in our system of guaranteeing unions. But in

saying so we do not go so far as the Sub-committee of the Eighth Conference of Registrars at Simla, which reported that but few of its members were in favour of the system of guaranteeing unions. The latter have to develop and to justfy themselves against their critics, while at the same time the Central Banks should also develop efficient agencies which would keep them in touch with primary societies and help the former to estimate carefully the financial strength of societies and the financial credit which might legitmately be extended to them. We require a pari passu development of Central Banks and guaranteeing unions on the right lines which alone can enable these institutions to undertake just those functions which are proper to each.

The Registrar of Co-operative Societies for the Bombay Presidency intends to put forth a laudable effort to foster the growth of people's Banks in his jurisdiction. In a valuable circular on the subject he analyses the situation as it exists in Bombay and adds valuable criticism. He shows, for instance, that at present Gujarat and Sind are without such banks though these regions would greatly profit by the existence of such institutions. adds that it is difficult to say which of the Urban Credit Societies on Bombay side can fairly be taken to be doing the work usually ascribed to a People's Bank. Some of the Urban Credit Societies are very small and socialised societies intended to relieve a small class and doing useful but inconspicuous work in their own way. Others are communal or caste societies. goes on to say that neither of these classes of Urban Credit Societies, valuable as they are, is quite what is meant by a People's The Registrar also emphasizes the dangers in the way of such banks which might easily become dividend-seeking institutions, neglectful of arrears and non-co-operative. therefore, have them fix their maximum dividend from the beginning at nine per cent., as well as adopt the principle of "one man one vote." He also advises them to give bonuses or rebates to customers according to the business done. The Registrar also discourses on the general advantages of genuine People's Banks,

the help they could give to dying local industries, their special value to India which suffers from insufficient banking and the great advantage of such banks as regards the administrative training which they afford and the independence which they foster.

We welcome the contemplated attempt to develop further the system of Urban Banks in the Bombay Presidency. Bombay and Bengal might well pool their experience in this matter. Bombay can with advantage imitate the great growth of employees' societies which Calcutta has witnessed during Mr. Donovan's administration. On the other hand, we, on our side, might borrow a leaf from Bombay in the matter of communal societies. For, say what you will, easte is the greatest existing social power in India and can call forth a devotion to work and a competitive stimulus which no other institution in India can supply. promoters of People's Banks in India will do well also to bear in mind Mr. Wolff's advice to the effect that "there seems a rather dangerous tendency in India to overdo the smallness of societies." We want "very much larger banks with more ample means and very much extended liberty of action. There can be no talk in them of unlimited liability." Finally, we might emphasize the necessity of furnishing our system of People's Banks with an organization and managing unchinery more adopted to their functions and needs--a machinery at once more comprehensive and specialised than that of primary rural societies or of Central Banks.

We should draw the attention of

We should draw the attention of Indian students of industrial co-operation to the highly interesting "Report on Profit-Sharing and Labour Co-partnership in the United Kingdom" published recently by the Ministry of Labours. We would further suggest that when studying that Report our readers would also peruse attentively Mr. H. W. Gordon's useful book on "A National Scheme of Profit-Sharing" as well as a series of valuable articles on the same subject which have appeared in the columns of the "Economist" last May.

As has been well-observed, interest in Profit-Sharing ruis in cycles, the boom coinciding usually with a period of good employment and of labour unrest. It is, therefore, not unnatural to find that an exceptionally large number of profit-sharing schemes have lately been started.

Whatever might be the prospects of profit-sharing in the future—and we trust they are very bright ones—yet for the present as we learn from the report, the large proportion of abandoned schemes is the most noticeable feature of the statistics of the profit-sharing and co-partnership movement in England. We are told that while in 182 cases profit-sharing is being practised in the United Kingdom, such schemes have ceased to exist in 198 The causes of the abandonment of the schemes consisted in greases of the dissatisfaction of employers or of the work-people and in 14 cases of opposition either from trade-unions or employees. Financial reasons proved fatal to 51 schemes. is obviously much room for improvement in co-operative practice in view of the following dictum: "One might expect, especially in the North and in Scotland, where co-operative distribution has proved so successful,, that co-operative production would have an easy course. Far from it. Many schemes have been started, but few survived. Even the co-operative societies have no scheme of co-operative production for their own work-people, who, in fact, are just as militant against the fellow-workmen as those workmen in their turn are against their capitalist employers." Looking to the statistics we do not find co-operative societies at all forward in spreading profit-sharing. Of the 1,384 existing retail stores only 103 practised profit-sharing. Neither the English nor the Scottish wholesale societies now give any share in profits to their employees, whilst only 3 out of 47 existing consumers' productive societies pursued this policy in 1918. This reminds us forcibly of Mr. Wolff's observation that distribution spoilt by success opposes production and turns it back on agriculture.

**\*\*** 

partnership are not all started on the side of the employing bodies. "The workmen has an ingrained preference for a regular weekly wage. . . Freely transferable shares granted as bonus are, as a rule, converted into cash on the first opportunity. Those workmen who save prefer to choose their own resources of investment. . . The average workman is concerned only with questions of wages and conditions and is content to leave management and marketing in other hands. He realises his own limitations and it is probably from these that his very suspicion springs." The admission and analysis of these difficulties should spur the constructive minds of co-operation to devise fresh means for the triumph of labour co-partnership.

From the far away Philippine Islands we have received a report of the beginning of co-operative credit in that country of ten million inhabitants. The work has been entrusted to Mr. A. W. Prautch, an American who lived in various parts of India for thirteen years in connection with the American Methodist Mission.

He states that the problems met there are similar to the reports published for the various provinces of India as human nature differs but little in different countries. Mr. Prautch is a subscriber to our *journal* and has promised to prepare an article for publication.

The following brief summary of progress in less than four years is very encouraging:

The first Rural Credit Association was organized in October 1916. At the end of 1916 there were 8 associations in existence. At the end of 1917 there were 82 associations. At the end of 1918 there were 242 associations. At the end of 1919 there were 418 associations.

This is half of the municipalities of the Philippines in which a beginning has been made. All associations have not progressed alike. Fifty associations, that began with a few hundred pesos, \* now have in the neighbourhood of P 20,000 working capital, composed of paid-in capital, money borrowed, and money on

<sup>\*</sup> One peso is equal to about one rupee,

deposit. Another hundred associations have over P10,000. Another hundred are in the P5,000 class. The balance are either newly incorporated or are managed by non-progressive directors who fail to measure up to their opportunity through lack of interest or information. Space forbids giving the interesting details of problems met and overcome and of the self-denying work of the 2,000 directors who manage affairs of these associations without remuneration. Each one of the 418 associations has its story, some of triumph and progress, some of continuous battle against powerfully intrenched interests, others of cowardly or indifferent leaders, etc. But they are all working out their own salvation and each community will have the grade of association it deserves and can be induced to work up to by the tactful advice of the eleven Rural Credit Agents who constantly visit and encourage them.

#### CO-OPERATION AND THE COMING ELECTIONS

#### AN APPEAL

By the Hon'ble Sir Devaprasad Sarvadhikary, Kt., C.I.E., M.A. LL.D.

Co-operation is the watchword of the future, as competition and cornering have been of the past. There never was so great a need, as now, of extending and widening as well as of deepening the right spirit of co-operation and mutual helpfulness in all concerns of life, amongst all classes of the people.

Electioneering campaigns have begun, programmes have been published, and vigorous canvassing has been going on. What the mountain in labour will bring forth will be a matter of anxious interest even to those who are unwisely preaching "non-co-operation". But whether non-co-operationnists do co-operate with the reform schemes or not is a matter of minor interest of the moment, for sane counsels are bound to prevail in the long run even among those who are crying the loudest. We have fortunately signs of returning good sense already. The great bulk of the people will undoubtedly make a sustained, good and honest try to help on the reforms. The "field" declared is already large and the cry is still they come.

It is matter of great surprise however that "Co-operation" with a big C has not figured prominently in the published programmes or speeches of those willing to co-operate with the reforms. Sanitation, education, industries, temperance and co-operation should, and will long be, the main planks of all political platforms and as I have insistently claimed that is about all the politics we can and need have for a while. We want to build up the people, their resources and their stability. We regret to find that "higher politics," as it is called, has absorbed much of the attention of our future legislators to the detriment and exclusion of the subjects named above.

But there is no excuse or apology for this. Popular education has been going on fairly fast in this direction of late. The Bengal Co-operative Organization Society has been carrying on a vigorous propaganda in furtherance of the Co-operative Movement. By means of journals, lectures, pamphlets, conferences, etc, the Society has been trying to impress on our countrymen the vast potentialities for good which the Co-operative Movement has. Occasional Conferences, Metings at Simla, Bombay, Calcutta and other centres of intellect and wealth have been giving appreciable filip to the movement and the authorities are willingly helpful; it ought to arrest attention.

Co-operation in its various aspects—agricultural, industrial and dstributive—is the great lever of national progress, and if it is handled properly by the Minister of the future, it will achieve wonders in many directions. Hitherto, too much attention has been paid to the credit side of the movement: the time has come for directing attention to the development of other forms of co-operation, such as co-operative purchase and sale, co-operative stores, co-operative industrial societies, co-operative housing, etc.

Speaking of the evils of profiteering in connection with high prices at the debates in the Bengal Legislative Council on the 1st July, 1920, Sir Henry Wheeler said:

"Although a Committee was appointed by the Imperial Legislative Council in September last it had so far been able to accomplish very little. It had sent down to them here two recommendations of a general character, first, to have an advisory Prices Committee which had been done, and secondly, that co-operative stores might help to alleviate the situation. That had been recommended to the Registrar of Co-operative Societies. The report of the Foodstuffs Committee gave a very full view of the situation. The present conditions had arisen from the war, with its destructive trail throughout the world, inflated currency, difficulty of transport and the situation could not be made good unless those evils disappeared".

The Co-operative Societies have thus found advocates in the Councils of the Empire, but not among the people yet in a full measure: this is much indeed to be regretted.

The need for a proper understanding of the scope and

potentialities of co-operation is all the greater now, as co-operation will be one of the transferred subjects and, therefore, it is incumbent on the electors to elect such men and such men alone as have a clear grasp of the principles of co-operation and their applicability to the special conditions of the country. University has not vet established a chair of co-operation, though it is a subject of vast importance to the nation. The Universities should undertake the task of promoting thoroughly practical as well as scientific study of the subject and of diffusing knowledge among its graduates. An important first step has however been taken and a University Co-operative Society has been arranged to be started and some of the colleges have organizations of their own. The new University of Dacca, may well have a reader in Cooperation, devoting himself to a scientific study of the subject and publishing the results of such study. The Vice-Chancellor-elect, Mr. Hartog whom we welcome to his new and difficult work, must have close personal acquintance with the working of the movement in London.

Let us strongly, earnestly and insistently try to bring home to the electors and to the candidates for election the importance of the Co-operative movement and their responsibility in the matter. The co-operative societies have not been given any special representation, probably because it was thought that co-operation has no politics: it offers a platform on which Hindus and Mahomedans, Bengalis and Britons, traders and educationists—in fact, all classes, castes and creeds are supposed to work hand in hand for the moral and material uplift of the people. Every member of the new Councils will and must needs be a "Member for Co-operation." It is incumbent, therefore, on every condidate to understand, espouse, preach and practise its cause. Some should see to it however that what is Every body's duty and interest does not cease to be Any It is the most potent and promising economic movement in India to-day and should, in this "Spacious Day" to come, grow from more to more.

#### **ZEMINDARS AND CO-OPERATION**

#### By RAI LALIT K. MITRA

It is an undisputed fact that the provision of credit to the Ryots by itself will not solve the problem either of rural indebtedness or of the poverty of the people. The Physiocratic doctrine that agriculture is the only productive industry does not seem to us to be entirely fallacious. For the real material progress of any country depends on its self-sufficiency as regards its agricultural products. The increase in the agricultural wealth of a country is a surer index of national prosperity than the statistics about foreign trade.

India is mainly an agricultural country. The Indian Ryots, like their brothers elsewhere, are heavily involved in debt, and are rather averse to changing their time-honoured method of agricultural production. Since the advent of Co-operation more than 20,000 Credit Societies have been started in India. The Ryot has been given facilities for borrowing but he has not been taught how the borrowed money is to be utilised in increasing the productive capacity of his land. It is here that the Zemindars can come to the aid of the helpless Ryots by organising among the Ryots Co-operative Production Societies on the model of the Naogaon Ganja Cultivators' Co-operative Society, and by introducing among the members of such societies labour-saving and productivity-increasing machines like Tractors of which an illustration is given here.



The advantages of using this kind of Tractor are diverse in kind. After comparing other Tractors with this one, one can unhasitatingly say in one word that it is a 'Tank in Peace.' It is needless to discribe how the British Tanks played their part in the Great War.

All kinds of work involved in agriculture, such as ploughing, harrowing, seeding, harvesting, hauling etc, can be done by the use of Tractors more expeditiously and more economically. The table given below brings out the comparative advantages (as regards costs) of the existing indigenous method and the scientific method.

Approximate annual cost of Cultivating 1000 Bighas or 330 Acres of Land.

#### Existing Mathod. Rs. CAPITAL: -50 pairs of oxen @ 100/- per pair 5,000 50 country ploughs 250 Cattle sheds 750 Rs. 6,000 Scientific Method. Rs. CAPITAL :--2 Tractors @ 5,250/-10,500 Implements 4,500 Sheds and Workshop 1,000 Rs. 16,000

#### Annual Expenses :

#### Existing Method.

|                                           |               |                   | Rs.    |
|-------------------------------------------|---------------|-------------------|--------|
| Interest on Rs. 6,000 @ 6%                | •••           | •••               | 360    |
| Feeding 100 oxen @ 5/- a month            | •••           |                   | 6,000  |
| 50 Ploughmen @ 12/8/- a month             |               | •••               | 7,500  |
| 10 Gowallas @ 10/- a month                | •••           | •••               | 1,200  |
| Coolies for the year                      |               | •••               | 300    |
| Depreciation charges @ 20/- a month       | • • •         | •••               | 240    |
| •                                         | Total cost    | Rs.               | 15,600 |
| Scientific Me                             | thod.         |                   | Rs.    |
| Interest on Rs. 16,000 @ 6%               | •••           |                   | 960    |
| Cultivating 330 Acres 12 times in         | the whole y   | car, <i>i.c</i> . |        |
| 4,000 Acres, requiring 4,000 gallons      | of Kerosenc ( | 7/12/-            |        |
| a gallon                                  |               |                   | 3,000  |
| 160 Gallons of Petrol to start @ 1/8/-    | per gallon    |                   | 240    |
| 40 Gallons of lubricating oil @ 5/- per a | gallou        | •••               | 200    |
| 2 Motormen @ 70/- each per month          | •••           |                   | 1,680  |
| One Coolie for cleaning @ 15/- a mon      | th            | •••               | 180    |
| Coolies for the year                      | •••           |                   | 400    |
| Depreciation charges @ 30/- a mont        | h             |                   | 360    |
| Petty repairing @ 15/- a month            |               |                   | 180    |
|                                           | Total cost    | : Rs.             | 7,200  |

It will be seen from the above table that the expenses of agricultural work will be reduced by half by the introduction of Tractors, while the outturn will be increased by about 10 Mds. per Bigha or 30 Mds. per Acre. It will require greater space than we can command to bring home the manifold advantages to be derived from the Tractor when applied to the work of agriculture. It can work on every kind of soil, sandy, wet, hard, soft, heavy or light: and on every plot of land whether large or small (the

minimum area required being one Bigha or one third of an Acre.) The Tractors pump water for irrigation purposes and this is no mean advantage to agricultural production in many parts of India; by its belt-pulley the Tractor may also work the majority of farm machines, such as, winnnowers, chaff-cutters, threshers, circular-saws and the like.

Another remarkable fact about these Tractors is that they cost nothing when they remain idle: With the cessation of their work the expenses also cease, and the bullocks and cows which were used in cultivating land could be put to other economic uses. Their power is generated by the use of cheap kerosene, whereas cattle require for their maintenance such dear food-stuffs as corn, oilcakes, grass, etc.

The Zemindar should himself purchase the above Tractor, cultivate his Khas lands (if he has any) with it, and loan it out to the members of the co-operative society at a reasonable rent.

But the mere formation of such societies will not do. If the agricultural products of the members of the society have to be sold at a loss to the Mahajans and the middlemen, the Ryots will scarcely derive any benefit. To give the Ryots the full benefit of the use of the scientific mechanical methods of production, the Zemindars may usefully buy out the agricultural products of the society. If the individual members of the society, i,e., the Ryots sell their surplus products to the Zemindars, it will put an end to the pernicious system under which the Mahajans, who advance money to the Ryots as Dadans, throttle the poor peasants by compelling them to dispose of their crops at costs much below those obtaining in the market. And these products may be sent to the Wholesale Society about which Prof. P. Mookerji moved a resolution at the recent meeting of the Board of the Bengal Agricultural Department, (Vide, B. B. O. C. Journal, May issue): proposed Wholesale Society, like the Bengal Provincial Co-operative Federation, should consist of a mixed membership, viz., the Zemindars and the Co-operative Societies.

In the ways indicated above the Zemindars may not only benefit the Ryots, but they will also be able to justify their position as the natural leaders of the people,

# SOME ASPECTS OF CO-OPERATION IN THE UNITED PROVINCES

[By Professor Lokendra Nath Ghose, M.A., Agra College.]

One outstanding feature of Co-operative Movement in India is the fact that the movement owes its origin entirely to the initiative of the Government. The stagnation of the poorer classes, more specially of the agriculturists who constitute the bulk of the population, had long drawn the attention of the Government and many fruitless attempts were made in the past to introduce measures on the lines on which it had proved effective in solving the proverty problem of the agriculturist in western countries. The first attempt in this direction was the scheme put forward by Sir William Wedderburn in the early nineties. But it was a Fifteen years later the Government was again roused to take action against the growing evil and deputed Sir F. A. Nicholson to enquire into the matter and report. Sir Frederick suggested the formation of Co-operative Credit Societies as the only means of conquering agricultural indebtedness. But the extreme illiteracy of the masses among whom it was to be introduced made the Government dubious about its results. Consequently the report was shelved. It was left to the credit of a strong-minded man of great ability in the person of Lord Curzon to inaugurate a scheme embodied in the Co-operative Credit Societies Act of 1904. Thus it is clear that the impetus to the movement came from the Government and not from the people. In this we are in striking contrast with Germany, a country which stands out prominent in the progress of Co-operative Credit Societies, where the impetus came from the people themselves and the credit of starting the organization in the villages is given to Raiffeisen.

The co-operative movement is essentially a movement of the people for the people and, therefore, would succeed well in the hands of the people. Keen and active interest of the members in a society constitutes the very pulse of co-operative life, and the problem before the co-operators is to enlist the sympathy and

active interest of men both outside and within the movement itself. Too much of officialism consequent on the absence of local interest saps its vitality and nake its growth artificial, while natural and healthy growth implies independence of Government, self-help and self-reliance bring the watch-words of co-operation.

It is this fact which at once explains why the Government of India, while laying the foundation of co-operative movement in India, did not do much in the matter of substantial financial assistance which the more fortunate institutions of foreign countries enjoyed. When soon after the outbreak of the recent war some of the societies in the United Provinces were faced with large withdrawals, the local Government acting on the advice of the then Registrar. Mr. A. C. Chatterjee, offered to give special financial help to the societies. This gave rise to a good deal of criticism against the action of Government. It was urged that Government intended to intervene to bolster up the movement, the success of which hinges on its absolute independence of Government assistance. But right-thinking men justified the action of Government an exceptional measure under abnormal as conditions. Government assistance was likely to restore confidence sooner in the minds of the public at such a critical period and actually it saved the situation which otherwise would have meant widespread panic and a blow to the Co-operative Movement It cannot be gainsaid that in the furtherance of Cooperative Movement Government has done its part satisfactorily and every kind of encouragement has been given. Committees of enquiry were appointed at great expense. Sir Edward Law's Committee laid the basis of the Act of 1904, which was modified afterwards in 1912, to give facility for widening the scope of the In 1914 Sir Edward Maclagan's Committee made certain recommendations which were likely to progressive needs of the country. It is evident, therefore, that a great deal of spade work has already been done; the ground is ready and it remains with the people to devolop and enjoy the benefits conferred by the State.

The principal form of co-operation which at the present time is of any importance is credit co-operation. It was to this form of co-operation that legal recognition was first given by the Govern-

For what the poverty-stricken peasantry neeeded most, and even do so to-day, is capital for their only industry. capital they borrow at exhorbitant rates which leave no profit for themselves or even allow them a share of the fruits of social progress: on the other hand, they oftentimes result in the alienation of land from the professional tillers of the soil. these circumstances the first step in the direction of economic salvation of the agriculturist lies in furnishing him with sufficient amount of capital for his business. But if the full benefit of Cooperation is to be secured it must extend on lines of co-operative distribution and production, the need of which is being sorely felt in the villages and unless there is a net-work of such combinations co-related to one another for purposes of production and distribution, the agriculturist is bound to remain more or less under the control of the money-lender and the middleman. Later on we shall discuss the lines on which the distributive societies should work to the benefit of agriculture. The fact remains that the simple extension of Credit Co-operation is only a partial and very imperfect solution of the poverty problem of the agriculturist.

Even in Co-operative Credit Societies, which have made phenomenal progress during the last few years, there remains much to be desired. The committee under the chairmanship of Sir Edward Maclagan rightly pointed out that the progress of cooprative movement is to be judged not by the quantity but by the quality of such societies. They urged the supreme importance of a careful inquiry prior to the formation of a society and the constant and continued education of its members in co-operative principles and practice. The writer of this article had occasion to visit some societies in the Agra district and from what he saw and heard he gathered that the greatest difficulty under which the societies were working was lack of elementary education of the members. Without this education, which is the backbone of all organisations. the efforts of both the Government and the public will not bear satisfactory fruit; a healthy growth of co-operative movement can only be expected when it is based on a sound system of elementary Such education will help them a good deal in education. the the the flicient working of the society and dispense with the necessity of keeping paid accountants and will also raise the general

intelligence of the members. A knowledge of keeping accounts, signing pro-notes, reading pass books and receipts is likely to minimise the charges of fraud. A society composed of men possessing a certain amount of elementary education can easily imbibe co-operative ideas upon which its successful working depends. Want of elementary education and, therefore, a failure to understand the principles on which Co-operative Societies are worked is responsible for the members thinking lightly of their societies as shops for cheap capital. The first thing which is urgently wanted to put the movement on a sound basis is the diffusion of elementary education among the members. is no more beneficent work which can be promoted by Co-operative Societies out of their profits than this. The primary societies which are usually very small in size find it diffcult to maintain schools out of  $7\frac{1}{2}$  p.c. of their profits which the law permits them to devote to charitable or educational work; hence the assistance of Central or District Banks in the matter will be of great help. Societies can also aid the cause of education by co-operating with District and Municipal Boards. It is gratifying to note that a certain amount of educational work has already been done in the Benares district. The Shahpur Co-operative Society and the Kasi Co-operative Bank may be cited as instances of Co-operative Societies undertaking educational work. It now remains to encourage further extension of this work by societies all over the country. In the second place, steps should be taken, as suggested in the Maclagan Committee's report, by the Central Banks to send out representatives to the interior of villages to make the people understand the principles and practice of co-operation, their duties and responsibilities in the society and the advantages It is only when these ideas are brought home to be derived from it. to their mind that one can expect them to take a more intelligent interest in the working of the society and discharge their duties carefully. The District Banks in the United Provinces have set an excellent example in this respect by maintaining an adequate and well-paid staff for propagating sound ideas on co-operation. It is, however, at this stage too expensive to increase the number paid staff for the purpose. Hence in this matter the movement expects help from men interested in the cause of co-operative progress.

Public spirited local men in the villages, preferably the village *Panchayets*, may take up the work. They are the persons who by their local influence and active interests are likely to impress the people more than the occasional visits and elucidation of co-operative principles by persons who are quite alien to them and whose interests are only one-sided. The examples of local men taking interest in co-operation will also put enthuasiasm in them which, under proper direction, may bring about mushroom growth of societies in every district and a regeneration of village life.

There is yet another way in which the local interest of all concerned can be roused. It is, as is very often pointed out by experts, by making the society financially independent of outside assistance. The village societies are now-a-days financed by Central or District Banks situated at a distance from the societies themselves. It should be the endeavour of the village societies to raise the amount locally by inducing deposits from the public. This will not only ease the financial situation but the financial stake involved will make the local people take interest in the society. It is said, and very wisely, that without local deposits there can be no local interest and without local interest the movement can be little but an official movement rigidly dependent upon Government support.

In most provinces of India there are three stories in the co-operative structure, viz., the primary societies, the district or central banks and the provincial bank. The district or central bank in the United Provinces is at present the only financing and controlling agency of the primary societies. It is hoped that when the primary societies are sufficiently strong to raise large funds for themselves, the district banks will serve as a balancing institution for them, that is, they will serve as a medium through which available capital within the district may be evenly distributed according to the needs of primary societies within the district.

For sometime past a need has been felt in this province for a further link between the district bank and the outlying primary societies. As the number of primary societies within the jurisdiction of a district bank increased, it became increasingly difficult for the district banks to keep themselves in close touch with the surrounding primary societies and to discharge all their duties

satisfactorily. Mr. Freemantle, the late Registrar, devised the system of small central banks working in subordination to district banks and supervising the primary societies within their respective The idea was that the central bank serving an area of average 100 square miles would be more in touch with the village societies, and consequently efficient management and control would become easier. But unfortunately the central banking system has not proved very successful for two reasons. In the first place, smaller central banks have not been able to raise locally any substantial amount of capital either in shares or deposits. reasons are that rich people in the district prefer a district bank depositing money which naturally has a more influential Hence the central banks have to borrow funds from the district banks and not being able at the same time to raise the rate at which to lend money to primary societies find very little margin to enable them to carry on the administrative work of the bank. Secondly, honorary services secured by most of the smaller central banks have been very disappointing in character and quality. Excepting few cases the societies have not been able to attract the services of able men. It is suggested as a remedy for these drawbacks that the banking element should be eliminated from the central bank, and they would become mere Unions without share capital, reserve funds or deposits. The primary societies would borrow directly from district banks on the recommendation of the The Unions representing the combination of a number of societies for the purpose of effective supervision will provide an additional security based on a limited liability undertaken by individual members of the Union. Besides, with Unions the financial difficulties of maintaing a central organisation does not For the unions will be able to manage the work with least expense, very little of clerical and supervisional work will be required. The president or sarpanches will be capable of exercising the general supervision required of the society. special type of such societies is to be found in Burma, the conditions there being more favourable for the development of unions than in the United Provinces. To make a union successful the affiliated societies must be situated close to one another so that one membersociety can easily find out what is going on in the adjoining society. The social custom in Burma brings the villagers very often together, there being no caste restrictions, common eating and drinking at festivals are much more common in Burma than in the United Provinces. The Burman of one village therefore gets to know a good deal more about people in adjacent villages than is the case in the United Provinces. It is therefore desirable that in the establishment of unions in this part of the country the authorities should proceed slowly and cautiously. Experimental unions may be started where the conditions are favourable and if they prove successful the system might be extended elsewhere.

The real value of the co-operative movement is appreciated when co-operative societies have reached the stage of being able to extend their activities to improving agriculture and conditions in village, life. Co-operation which aims simply at supplying the villagers with cheap capital is only a stepping-stone to something real and substantial and therefore can never be an end by itself. It is no good supplying them with capital without at the same time giving them an opportunity to utilise it in the best possible way. The Act of 1904 provided and sanctioned societies for credit purposes alone and when the movement got a footing the only natural and healthy course of development was, as experience showed, on the lines of co-operative distribution and production. In the matter of agricultural development the co-operative societies and the agricultural department are complementary to one another. The agricultural department is endeavouring to work out the lines on which agricultural development should take place. Research work in connection with the improvement of seed and other requisites of agricultural industry and the demonstration of the results of investigations of the research branch-are works with which the department is concerned. This government machinery cannot touch more than a fringe of the entire agricultural population unless the agriculturist meets the government half-way in the The societies afford the best medium through which the results of research and demonstration work may be transmitted to the actual cultivators. We shall consider broadly the lines on which agricultural societies may work in the improvement of agricultural industry. One of the most urgent needs of the agriculturist is the supply of better quality seed. In England

the work of the agricultural experimentalist is over when the improved variety of seed is obtained, and its value demonstrated. Larger farms of seed-growers are always ready to accept the seed for commercial production. The average English farmer purchases seed from the well-known farms and from the produce saves enough for the whole year's sowings. In India the conditions are entirely different. There are few cultivators who save their own seed; and there are no seed merchants. The agricultural department, in order to establish a new variety of seed, distributes seed sometimes even at a loss, but it cannot be expected to grow enough seed to supply even a district. It is elear therefore that some scheme is required by which the department's seed may be multiplied locally and the most appropriate organisation of it is the co-operative society. has been suggested by experts that the societies should start with a sufficient quantity of seed stock and should issue pure seed from the department to selected members as seed-growers. These selected cultivators should undertake to offer their produce to the bank at the harvest time and should take special care to thresh them in a special Khalian, so that the seed may be kept pure and not degenerate by gradual admixture. The seed-growers of course should work under the direction of departmental inspectors, so that the best variety may be grown It is just on these lines that the Pusa No. 12 is being popularised in many districts in the United Provinces.

Societies may again be also formed for distributing water among the villagers. The need is specially felt in the United Provinces because of the scanty rainfall that falls to her share generally. The system of irrigation prevailing in this part of the country is principally irrigation from well. About one-fifth of the province is under canal irrigation, the other four-fifths is watered by wells, *jhils* and *nadis*; the areas irrigated under *jhils* and *nadis* are small in comparison with those watered from wells. There is abundant scope for extension of wells in places that are outside the influence of canals which can very well be undertaken by the co-operative societies. When one compares the rich fine crops of canalirrigated tracts with the poorer ones, and in the absence of winter rains, the stunted ones, in parts not covered by canals, one feels how

little has been done in the country in the way of water-lifting. The country is specially favoured by nature with an abundant supply of underground water generally at a very moderate depth beneath the ground level. This underground water is stored up in sand beds and extends to depths of 1000 ft, beneath us. It has been calculated that in a 40-inch rainfall some thing like 14 inches of water percolates through the upper strata of the earth's surface. And considering the amount of water required for irrigation with an average of 40 inches rainfall the underground reservoir will be replenished annually without any danger of exhaustion. Mr. F. H. Vick, Agricultural Engineer, Cawnpore, suggested an improvement on the existing wells. The existing wells at present irrigate generally between 8 to 15 bighas and in order to irrigate a larger area there should be either a large increase of pucca wells or more water obtained from the existing wells. Mr. Vick suggests that the sinking of tube wells in a good existing pucca well will increase the vield about ten times. The condition favourable for taking a tube well is that the depth of water in a well should be at least 25 ft. Although the initial cost of tube wells is generally high, ranging between Rs. 3,500 to Rs. 5,000, yet it is no higher when comparison is made of the yield of water from a tube well and the same quantity obtained from a number of ordinary pucca wells. The main drawback in this country of its extension is the smallness of the holdings The remedy lies in co-operation. of cultivators. The central bank can undertake to sink tube wells on behalf of the members who individually cannot afford to sink one.

Organisation on co-operative lines for marketing the village produce is one of those needs of cultivators which requires careful attention. The cultivator in India is a small man with a limited amount of out-turn and therefore cannot have any direct dealing with the wholesale merchants in the open market. He is generally compelled to sell his produce at a low price to the mahajan to whom he is indebted; so that it is a common thing in India to find a difference between the bazar price and the village price which sometimes amounts to 25 p.c. or more. The bazar price is the price at which the large dealer sells to the exporter and village price means the price which the cultivator actually gets. Co-operative distributive societies may be formed to serve as an

intermediate agency between the cultivators and export dealers. In order that such organisation may carry on the work on business lines certain conditions must be fulfilled:

- (1) In the first place, there should be some uniformity in the type of the crops grown. This will make it easier for the society to dispose of the produce to the wholesale dealer; otherwise different types would entail either the mixing up of the whole in one lump which lowers its value or go to the expense of storing different grades.
- (2) Secondly, to get the best price for it the society must be able to sell in large quantities, otherwise it will have to fall back upon the smaller middleman in which case the end of the society will be lost. This is therefore a further argument for encouraging uniformity of types. Societies that undertake the marketing of produce must be directly associated with a seed store, otherwise it would be difficult to encourage uniformity if the society cannot keep up a regular supply of seed for its members. The best thing would be to combine both the services—seed business as well as marketing—and that will save a good deal of cost.

# MESSAGES TO CO-OPERATORS FROM CO-OPERATORS\*

### I. From the Rt. Hon, G. N. Barnes, M.P.

It is a trite saying that in Co-operation lies the hope of the world. The saying was never so true as now. The world is broken and distraught, poor, and, in many parts, hungry. It is hoping and groping for means of deliverance, but is, unfortunately, still permeated by the evil spirit or sectionalism, which has been its undoing. And, still more unfortunately, it is confused and bewildered and excited by mere fatuous denunciation on the part of many of those who pose as prophets of a new social order—so true it is that the dreamer of dreams is often a hindrance to their realisation.

The world's recovery from the effects of the War depends upon the Co-operation of Nations and Classes.

With regard to the first named, the principle may be applied internationally by a League of All Nations. The strong should help the weak, or otherwise the weak may collapse and involve all in a common ruin. Credit should be put on a firmer basis by a polling of resources.

Will the world rise to it? I devoutly hope it may. Specially do I hope that the people of the United States of America may rise to the great opportunity now open to them. They are the fovoured of fortune. They have been fed by the old world whose ablebodied producers have tilled their land and increased their wealth. The wealth of the West has been increased by the surplus labour of the East. Will the West now stand in insolation from a world in travail; or will it join in a co-operative effort for world redemption through a League a Nations. I hope and believe it will play the better part.

With regard to the second—Co-operation of Classes—the principle is already being applied in the Industrial Co-operative

<sup>\*</sup>From the International Co-operative Bulletin.

Movement throughout the world. It is the alternative and antidote to class war with its acrimony and lack of historical prospective; it is the alternative to the horrors of Russia; it affords the means by which to harmonise divergent interests and put industry on a basis of common good; because it brings in the great body of consumers—who embrace both employer and employed—as participants in industrial control. Workers and Capitalists are brought together on a basis of fair dealing for, instead of surplus labour values being credited to the owners of dead capital, the Capitalist is given a fixed return and surplus values are allocated and controlled by the great body of consumers.

Industrial Co-operation lessens friction by removing its cause; it guarantees fair play to Labour by the fact of its being permeated and vitalised by Labour sentiment; and it affords a valuable education in the science of Government by throwing its doors open to all who are willing to share its responsibilities as well as its advantages. By its wide extension the world will be helped to recovery because it is a practical application of the principle of collective ownership and control upon which the future depends.

By Co-operation in industry poor bruised and battered humanity will acquire power over its own industrial destiny.

That 1920 may witness a wide acceptance of the principles of Industrial Co-operation is the ardent wish of a life-long co-operator.

2. From Mr. A. G. Gardiner who stands for all that is best in journalism and politics, and until recently has conducted as Editor the paper which that great social reformer, Charles Dickens, started more than half a century ago.

"The idea embodied in the League of Nations—the idea of world solidarity achieved through the operations of mutual aid—is essentially a co-operative idea. There are many paths to its accomplishment—political, economic, industrial, educational—but there is only one spirit, the spirit of good will working with a common motive for a common end, the general well-being of humanity. As the vehicle of this spirit, the Co-operative Movement is the most authentic, the most powerful, the most hopeful

expression of the new order. It hitches the wagon of practical affairs to the star of the ideal. It is the working model of triumphant democracy. In it we may see the grandeur of the possibility within the grasp of humanity—the possibility of turning the energies of men from the insanities of selfish competition to the noble task of developing the abundant riches of the earth for the blessing and enrichment of all."

# MY APPOINTMENT AS RURAL CREDIT AGENT

[By Miss Enriqueta Peralta, Dingras, Ilocos Norte.]

When Mr. Prautch urged me to undertake the work of being a regular agent to explain the principles of Rural Credit to the wives of the farmers in my province of Ilocos Norte and to enlist the Woman's Clubs in each town to actively make rural credit one of their chief objects, I hesitated long before I could consent to leave my home work and my woman's club work here. But after some days I was determined to accept this work which, I fear, is greater than my ability.

Each Municipality in this province has a Rural Credit Association and each also has a Woman's Club and I felt it a duty to accept this opportunity to explain to older people the advancement which for years as school teacher I tried to impart to children in my schools.

I am a woman. I clearly see that mothers suffer most from the pangs of poverty. In this province there is no other means of supporting life than agriculture. The poor who often need money must borrow it, with no other means to pay it but their expected crops, and in most cases all that they can borrow is all used before harvest, so they never get out of the debt and ultimately their little

\*In connection with the appointment of Miss Peralta by the Bureau of Agriculture as a regular Agent Mr. I'rautch states: During my recent inspection trip of the Rural Credit Associations in Ilocos Norte, where every town is organized, there was a delegation of the local Woman's Club at each meeting. On inquiring about this, Governor Ligot informed me that every town in his province has an active Woman's Club which takes an ever increasing interest in civic affairs which deal with the home, sanitation, schools, and social conditions generally. I learned that Miss Enriqueta Peralta was one of the "live wires" in the movement. When in Dingras on January 2, I made it a point to see her and the question of her devoting her wholetime working for the success of Rural Credit from the home side of the family was

piece of farm land will go into the hands of the usurer. What are the sufferings of these mothers? What heavy burden do they bear? And what pain to see their hungering children?

But here is Rural Credit, a blessing sent down from heaven, a protector of the poor, a consolation of the unlucky mothers and a true source of hope for individual independence. We should therefore help associations to progress not only for the wealth furnished but for the ready hand extended to the poor farmers in their trouble, thus helping them to work their fields unhampered and unmolested.

It is the chief object of Woman's Clubs to help in the betterment of their communities. Our Clubs can render no greater service than to actively work with these associations. I merely state that the woman is the banker of the home and should economize, for economy is the bridge of saving and saving is the source of wealth.

The influence of woman is great and should this not be used for this worthy purpose? We can explain this plan to our fathers, husbands, brothers, friends and neighbors, for it is the saving and the lending of these savings at a moderate interest that will be the greatest benefit to the poor and hence a benefit to the entire community.

I do not mean that every woman can take an active part in the

fully discussed. She took the matter under advisement and on January 27 sent her acceptance and a paper which she prepared to present at the Convention of Woman's Clubs in Manila, February 3rd to 8th. Miss Peralta has taught school over ten years, she has firm convictions and advanced ideas. To the question I put whether she would be able to induce the women to convince their husbands to deposit their money in the Rural Credit Associations, instead of in the cockpits, she fired up and with feeling said, "I would also shame the men themselves into providing better homes and more comforts for their families." Miss Peralta will receive the same salary as a man agent and I expect her to do the same or even better work. It is an innovation but not an experiment. She is not robust and strong and she may be physically unable to stand the wear and tear of travel and her zeal may outstrip her strength but she has the courage to undertake the work and the ability to perform it.

activities of these associations but we can all in one way or another help it in connection with our home problems.

I am informed by Mr. Prautch that credit loans to small farmers is only one branch of possible activity. It is the chief one because this is an agricultural province. There is also the organization of embroidery and needle work Co-operative Associations; poultry and other home industries adapted to woman. It is with regret I see women working on the roads carrying stones and earth. I shall endeavor to establish such co-operative industries as will provide other work more suited to women. The capacity of our Ilocano women to work at weaving and hard work is well-known but there are other industries that can be introduced along with household duties which are more suitable than being labourers.

I am beginning in a new untried work about which I can say nothing yet except that I have had years of observation and my sympathy has grown for the helpless and oppressed and if I can induce the Woman's Clubs to help to solve my country's problems and contribute something to the development of our agriculture and thereby increase the comforts of the homes and lift some of the burdens of the hopeless poor and bring some joy into the hard and joyless lives of the almost discouraged women, I will feel that I have not lived and worked in vain.

# PROCEEDINGS OF THE MEETING OF THE COUN-CILLORS OF THE BIHAR AND ORISSA CO-OPERA-TIVE FEDERATION, LIMITED, HELD IN THE SECRETARIAT BUILDINGS AT PATNA ON FRIDAY, THE 28TH MAY, 1920

#### PRESENT:

#### President.

1. Khan Bahadur Muhiuddin Ahmed, Registrar, Co-operative Societies and ex-officio Governor of the B. & O. Co-operative Federation, Ltd.

#### Councillors.

- 2. R. S. King, Esq., Jhanjharpur
- 3. Rai Bahadur Lekh Narain Singh of Barh
- 4. Rai Sahib Raj Prakash Narain of Futwah

## Secretary.

- 5. Babu Ayodhya Prasad Verma.
- 1. The proceedings of the last meeting was taken as read and confirmed.
- 2. The question about the separate investment of the Reserve Fund was then considered.

The Governor pointed out the disadvantages of allowing the Reserve Fund to remain employed in the working capital and drew the attention of the Council to Rule No. 16 of the rules framed by the Local Government under Section 43 of the Co-operative Societies Act and said that the matter has been dealt with in details in—

(a) Mr. Collins Note dated 19th Agust, 1915 (Note on the recommendation of the Committee on Co-operation about Deposits, Loans and Fluid Resources printed

at page 133 to 136 of Registrar's Circulars and Orders up to 1918.)

- (b) Registrar's Circular No. 4 of 1917.
- (c) Circular Letter No. 8355-75 dated 10th November, 1917 and
- (d) Revised circular letter No. 6670-92 dated 11th July, 1918, circulated in his Memo. No. 11853-11920 dated the 15th October, 1919, and that it needs no recapitulation. He therefore suggested that as laid down in the revised circular letter noted above every primary society should deposit its reserve in the Central Bank, the Central Bank, Urban Societies and Stores in the Provincial Bank and the latter in the Bank of Bengal.

After some discussion it was resolved: -

That, as laid down in the revised Circular Letter No. 6670-92 dated 11th July, 1920, issued by the Registrar, Co-operative Societies, every primary society shall deposit 50% of its reserve every fourth year in the Central Bank at  $7\frac{1}{2}$ % or at such rate or rates of interest as may be paid on fixed deposit and that the Central Bank, Urban Societies and Stores shall deposit the same proportion of their reserve fund in the Provincial Bank and that the Provincial Bank shall in its turn deposit its reserve in the Bank of Bengal in such manner that these deposits may serve the purpose of a guilt-edged security in the shape of a fluid resource *i.e.*, they may be easily converted into money when occassion may arise.

3. The question about the amendment of the by-laws of the Federation was then taken up.

The Governor explained that as the Federation has to depend upon the realization of its assessment from Central Banks and Societies it sometimes happens that the Federation has no money to carry on its business. For this purpose, as previously approved by the Council, he had opened a cash credit account with the Provincial Bank. But he pointed out that there was no provision in the by-laws of the Federation authorising it to borrow and therefore moved that by-laws No. 7 be accordingly amended.

He also explained that in order to undertake the supply and sale of printed forms and other articles needed in the course of

business by Co-operative Societies as laid down in by-law No. 3 with the approval of the Federation, a press had been acquired and is being worked, but as there is no clear provision in the by-laws that the Federation should own a press it needs a suitable amendment.

The council unanimously approved of the suggestion of the Governor and resolved:—

That "borrow up to the amount and on such terms as sanctioned by the Congress from year to year" may be added after the words "The Council may" in by-law No. 7, and "acquire and work a press, but," be added in the first line of by-law No. 3 after the words "The Federation may."

4. Disposal of the audit notes of primary societies in the office of the Central Bank as suggested in Mr. N. K. Roy's Note dated 21st September, 1919, was then discussed. Some of the Councillors apprehended that it would increase the volume of work in the Central Bank. But it was pointed out that the officers of the Central Bank had already to note the 1emoval of defects in its own copy of the audit note and if they did so by carbon process on both the copies the work would in no case be increased but would rather offer the Central Bank an opportunity to lay before the Registrar its own explanation and thus help a well considered conclusion to be drawn by him on the report of the Local Auditor.

It was therefore resolved:

That the Local Auditors should henceforth make over both the original and the duplicate (without tearing away the carbon) copy of the audit notes of the primary societies to the Central Banks or persons in charge of primary societies who should note by carbon process in both the copies of the audit notes the action taken by them to remove the defects pointed out in it and then submit the duplicate copy to the Asst. Registrar in charge of the Division or the Registrar where there is no Asst. Registrar within three months from the date of the receipt of audit note and for this purpose submit a monthly return to the same officer. This rule will also govern the Urban Societies and stores will have effect from 1st June, 1920.

5. The introduction of the audit notes of primary societies in vernacular was then considered. A summary of the views of

all the Asst. Registrars and Divisional Auditors was laid on the table.

After careful discussion it was concluded that time had not yet come that concerted action should be taken in the matter.

#### It was resolved:—

That the Central Bank may make translation of the audit notes for circulation to the societies concerned where they find that the members are intelligent enough to profit thereby. It was also resolved that the Local Auditors should in accordance with the existing procedure always record defects found in the Minute Books of the Societies in vernacular and have it read out to the members.

- 6. The question of charging to the funds of the Federation, the cost of postage stamps and Registration charges borne by the Central Banks in forwarding payment orders to the Provincial Bank was left out of the consideration of the Council on the suggestion of Mr. King, as it was pointed out that the Central Banks and the Societies have ultimately to bear all the expenses of the Federation.
  - 7. The revised Budget (Appendix B) was then taken up.

It was explained that the change required in the original Budget was circulated to all the Councillors in letter No. 1301-10 dated the 26th November, 1919, in which most of the Councillors agreed and that it was laid before the council for formal approval. The difference between the two Budgets was also explained.

Mr. King said that the probable receipts and expenditures of the Co-operative Press should have been included in the Budget. It was explained that as the Press had quite a separate and direct transaction with the Provincial Bank up to December last the estimates had not been included in the Budget but the matter formed a separate item of discussion as noted in the agenda for which separate account was presented. It was also explained that as the account of the Press had since been amalgamated with the account of the Federation it will be done so in future.

## It was resolved:-

That the revised Budget of the Federation as presented be passed but the estimated receipt and expenditure on account of the Press should be included in future.

8. The Governor explained that the Press is managed by an advisory committee consisting of

#### Chairman:

(a) Mr. E. Hill, Superintendent of Government Press

#### Members:

- (b) Rai Sahib Raj Prakash Narain Councillor of the Federation.
- (c) Babu Mathura Prasad, Hindi & Urdu Translator to Govt. of Bihar and Orissa, Patna.
- (d) Babu Jagdamba Prasad, Bhatnager.

## Hon. Secretary:

(c) Babu J. N. Chatterji, Head Assistant, Government Press.

As for the condition of the Press he presented a rough statement of the assets and liabilities (appendix E) of the Press as it stood on 1st May, 1920, and said that Babu Rai Kishore Verma wanted to terminate the agreement and that for this purpose he was paid a sum of Rs. 2,300 in cash and after setting off some other moneys due from him the balance of the price due to be paid to him stands at Rs. 1,145. The Governor also explained that the Press was not making any appreciable profit. He therefore wanted to re-organise its affairs by introducing piece system among all the Compositors, Distributors, Pressmen, etc., and by installing machine press and wanted to meet the liabilities of the Press by raising shares. He therefore suggested that the Press be placed on share basis and every Central Bank may be asked to purchase share worth Rs. 100 and every society worth Rs. 5. The Federation may also have a share in it and with the money thus raised the liabilities of the Press be paid off. The Press will continue to remain under the direct supervision of the Federation. He also explained that the Press be allowed a cash credit account with the Federation up to the limit as may be sanctioned by the Council in its Budget year after year. It was also explained that the hand

presses with which the work of the Press were carried on was unsatisfactory, more expensive and lead to undue delays. He therefore proposed that a machine press be purchased at a cost of about Rs. 9,000. The Governor after explaining all these drew the attention of the Council to the high finances which the press required and wanted their decision. He also said that once the Press is equipped with all its requisites in full he was quite sanguine it would never work with a loss, rather would yield good profit and facilitate the discharge of the growing works of the Department.

Mr. King opposed the change of the constitution of the Press and of its being placed on share basis and suggested that the aid of the Government be sought for. The Governor explained that the question of free accomodation of the Press in one of the buildings in the old opium factory at Gulzarbagh which is vacant is pending the decision of the Government since December, 1918, and he was not in favour of moving Government for further aid.

The question was discussed at length and the Council came to the conclusion that in order to relieve Government Press of the work of printing forms and registers for Co-operative Societies the Federation had incurred liabilities of Rs. 13,000 and had expended over Rs. 24,000 for maintaining a press but as the Federation cannot meet this expenditure out of its present income it was resolved:—

That Government may be requested to (a) provide a house for the press and (b) to make a non-recurring grant of Rs. 20,000 to enable the Press to secure new printing machine according to the estimate prepared by Mr. E. Hill and also for working capital.

9. The Governor explained that the first Council of the Federation had authorised the opening of a cash credit account to the extent of Rs. 15,000 with the Provincial Bank but as owing to the amalgamation of the account of the Press with the Federation it was considered that the limit of 15,000 would not serve the purpose it was raised to 20,000 and he suggested that the increase of the cash credit account be confirmed.

It was resolved--

That the increase of the cash credit account of the Federation with the Provincial Bank from 15,000 to 20,000 be confirmed.

vo. Among the subjects other than those set forth in the

notice, letter dated 13th May, 1920, from Rai Sahib Rajprakash Narain was laid on table, the important point for consideration being the change of by-law No. 10 of the Federation. The Rai Sahib suggested that instead of vesting the management of the Federation "in a Governor and an advisory council" it may be vested "in a Governor in Council." The Governor explained that the question was finally decided in the last Congress and that as there was already a provision in by-law 12 (b) binding the Governor with the decision of the Council there was no necessity for any change.

11. Registrar's D O. No 1850 C. S. dated the 13th February, 1920, about the rate of interest to be charged by Central and Provincial Banks on deposits could not be considered as the opinion of all the Central Banks had not been received. With a vote of thanks to the Chair the Council was dissolved.

## APPENDIX D.

Revised Budget of the B. & O. Co-operative Federation for the year 1919-20.

# RECEIPTS.

| ı. | Government Contrib                      | ution—             |               | Rs.    | Rs.    |
|----|-----------------------------------------|--------------------|---------------|--------|--------|
|    | Non-recurring Gra                       | ant                |               | 15,000 |        |
| 2. | Contribution from C                     | ovt. for Societies | s             | 21,467 |        |
|    |                                         |                    |               |        | 36,467 |
|    | (a) Non-agricultus                      | ral @ /4/-%        | on            |        |        |
|    | working capi                            | tal of Rs. 2,88,   | 133           | 720    |        |
|    | (b) Agricultural S                      | Societies @ /6/-9  | o on          |        |        |
|    | the net w                               | orking capital     | $\mathbf{of}$ |        |        |
|    | Rs. 19,04,83                            | ı                  |               | 7,143  |        |
|    | (c) Central Bank                        | s @ /4/-% on       | net           |        |        |
|    | working capi                            | tal of 18,41,460   | • • •         | 4,603  |        |
|    |                                         |                    |               |        | 12,466 |
| 3. | Affiliation fees from                   |                    | ural          |        |        |
|    | societies at Rs. 2 e                    |                    | • • •         | 4,088  |        |
|    | 94 Non agrici                           | ıltural societies  | at            |        |        |
|    | Rs. 2 each                              | •••                | •••           | 188    |        |
|    | 31 Central Bank (                       | @ Rs. 25 each      | •••           | 775    |        |
|    |                                         |                    |               |        | 5,051  |
| 4. | Annual contribution                     | •                  | ntral         |        |        |
|    | Banks@Rs.                               | .;.                | 775           |        |        |
|    |                                         |                    |               |        | -      |
|    |                                         | Themselven         |               |        | 54,759 |
|    |                                         | Expenditure.       |               |        | _      |
|    | <b>.</b>                                |                    |               |        | Rs.    |
| I. | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | •••                | •••           | •••    | 19,452 |
| 2. |                                         | •••                | •••           | •••    | 539    |
| 3. |                                         | •••                | •••           | •••    | 411    |
| 4. |                                         | •••                | • • •         | •••    | 1,500  |
| 5. | <del></del>                             | •••                | •••           | •••    | 400    |
| 6. | ,                                       | •••                | • • •         | •••    | 600    |
| 7. | Books and Publicat                      | tions              | • • •         | •••    | 600    |
|    |                                         |                    |               |        |        |

|         |                          |                 |              |         | Rs.    |
|---------|--------------------------|-----------------|--------------|---------|--------|
| 8.      | Liveries                 |                 |              |         | 240    |
| 9.      |                          | •••             | •••          | •••     | 772    |
| 10.     | America                  |                 | •••          | •••     | 12,100 |
| II.     |                          |                 | •            | •••     | 2,208  |
| 12.     |                          |                 | •••          | •••     | 937    |
| 13.     | Minimum available ba     | lance to be in  | vested sepa  | rately  |        |
|         | for meeting the          | expenditur      | e of bonus   | and     |        |
|         | advances for bonu        | s to employe    | ees          | •••     | 15,000 |
|         | AP                       | PENDIX I        | €.           |         | 54,759 |
| 1       | A Rough account of the p | position of the |              | ive Pre | ess on |
|         | I                        | JIABILITIES.    |              |         |        |
| 1.      | Due to be paid to Babu   | Rai Keshor      | e Verma      |         | 1,145  |
| 2.      | Due to Federation        |                 |              |         | 24,430 |
| 3.      | Special Reserve          | •••             |              | •••     | 112    |
| 4.      | S. C. Jha & Co., Allal   |                 | of type      | •••     | 1,060  |
| 5.      | Establishment etc.       | •••             | •••          |         | 350    |
| Ü       |                          |                 |              |         |        |
|         |                          |                 |              |         | 27,097 |
|         |                          | Assets.         |              |         |        |
| ı.      | Tools and plants taken   | over from R     | niniti Press |         | 3,305  |
| 2.      | Blank papers Stock       |                 |              |         | 4,600  |
| 3.      | Tools and plants purch   | ased by this    | Press ·      |         | 3,013  |
| 4.      | Savings Bank Account     |                 | •••          | •••     | 241    |
| ·<br>5· | Bills outstanding        |                 | •••          |         | 5,730  |
| 6.      | Printed Books and form   | ns in stock     |              | •••     | 5,300  |
| 7.      | Permanent advance        | •••             | •••          | •••     | 800    |
|         |                          |                 |              |         | 22,989 |
| 8.      | Types                    | •••             | •••          | •••     | 4,925  |
| فر      | •                        | •               |              |         | 27,914 |

## THE ITALIAN POPULAR BANKS

[From the International Review of Agricultural Economics, Rome.]

The popular banks are, with the rural banks, the fundamental organs of Italian co-operative credit. Although they are predominantly urban they all afford aid on a large scale and in various ways to farmers to whom in 1908 they lent the important sum of nearly five hundred million liras. In a valuable publication, issued in 1911 by the Ministry of Agriculture, Industry and Commerce with the help of the Popular Banks Association, and examined by us in our issue for October of that year, the progress made by these banks in the ten years between 1899 and 1908 was amply illustrated with abundant statistics. No official publication on this subject has since appeared, but an interesting report presented by a councillor of this association to the commission for the organization of after-war credit enables us to enlarge our knowledge of the organization and the functions of the popular banks, and better to appreciate their effective contribution to national economy in recent years.

## 1. NUMBER, MEMBERSHIP AND SHARES.

On 31 December, 1908, the date of the last official statistics, there were 736 popular banks of the Schultze-Delitzsch type, adapted by Signor Luigi Luzzatti to the special conditions of Italy. To-day co-operative banks, large and small, reach the number of about 800. Scattered over all districts they are particularly numerous in the north where, especially in Lombardy and Emilia, there are some which are powerful. Not a few have in the less important centres numerous branches and agencies which contribute to radiating and spreading the work of the central office, connecting it with much local business. The importance of these

secondary offices is such that they may be considered to be real autonomous institutions, and the most suitable agencies for bringing the available surplus of urban credit into the agricultural centres.

In districts in which agriculture and credit have not reached a high degree of development the co-operative banks have also been able to arise and to prosper, rendering the most useful services to the population. The oldest are those of Milan, Cremona and Bologna which arose in 1865 and were the first manifestation of co-operative energy in the field of credit in Italy.

The variety of the elements which compose the banks is noteworthy and characteristic. Among the members numbered large and small farmers, journeymen, agricultural labourers, small and large manufacturers and dealers, workmen, employees and members of the liberal professions. The largest contingent is however furnished by the humblest classes of the population who can by acquiring a single share join their local co-operative society and procure all the direct and indirect advantages of credit. According to the statistics of 1911, in fact, 23 per cent. of the members were small manufacturers and traders, 22 per cent. small farmers, 17 per cent. employees and professional The other classes were represented by far lower percentages: large farmers by 6 per cent., agricultural day-labourers by 5 per cent., large manufacturers and traders by 3 per cent. proportions between the various classes of members vary little from year to year. The fact that in the same bank farmers and manufacturers are brought together makes it possible to grant credit to farmers for comparatively long terms and large sums.

The shares are of a nominal value which varies from a minimum of 5 liras to a maximum to 100 liras. The average value which admits a member to partcipation in the capital and reserve fund is generally rather low, even in the districts in which are the most important popular banks. Every speculative tendency is thus excluded, while the genuinely co-operative character is confirmed even of these popular banks which by a union of many small forces have been able to compete in powerfulness with the largest speculative banking institutions.

## RESOURCES OF THE POPULAR BANKS.

The popular banks do business mainly with the capital which reaches them spontaneously (shares and deposits), and in a secondary degree with the resources they secure by discounting paper and contracting loans.

The figure representing their share capital is not very high, partly, perhaps, because the value of a share is only nominal and because the right to vote is limited, whatever by the number of shares held, and also because a provision in the Italian commercial code forbids anyone to have a share of more than 5000 liras in a co-operative society. Some popular banks however had on 31st December, 1917, attained to enormous sums as capital, that of Milan to 10,314,050 liras, that of Novara to 9,331,300 liras, that of Cremona to 3,448,050 liras, that of Pavia to 2,000,000 liras, that of Bologna to 1,608,540 liras, that of Padua to 1,353,825 liras, and those of Genoa, Mantua, Modena, Ferrara, Rovigo, etc.

Side by side with the capital, reserves are very important. They are formed by attributions of a notable part of the profits ascertained at the end of every year. There are banks which have by long years of wise and prudent management constituted funds of which the total exceeds the society's capital. In some banks capital reserves are distinguished from reserves providing against fluctuations in the value of securities and against misfortune. As to the employment of reserve funds, some banks use them for their ordinary business while others invest them in State securities, securities guaranteed by the State, or other securities.

A prominent function which the banks have discharged with increasing success is the most eloquent proof of the great confidence they inspire in the population, especially the middle classes. This is their collecting of trust deposits. These deposits are in forms which vary with place, time and the position of the depositors. Members of the middle class who are not in trade entrust their savings to the bank in the form of savings deposits of small savings; traders and manufacturers prefer deposits on current account by means of cheque; religious and philanthropic bodies and workmen's and mutual aid associations deposit their receipts and receive from the banks interest-bearing bonds falling due at fixed dates. This variety of deposits contributes to giving elasticity to business.

In all the banks the figure representing trust deposits largely exceeds the combined capital and reserve funds, which allows the activity of the banks to be ever more various and fruitful. the appendices to the Minister of the Treasury's financial exposition it appears that the deposits of the co-operative popular banks which amounted on 30 June, 1914, to 703,498,475 liras, has risen on 30 June, 1919, to 1,423,739,540 liras. The deposits of the popular bank of Milan reached the sum of 80 million liras, those of Cremona exceeded 70 million liras, those of Bergamo 35 million liras, those of Mantua 33 million liras. As the report already mentioned justly observes, this increase of deposits constitutes a notable advantage for the banks, but also imposes duties, evermore onerous, on their managers, rendering advisable those forms of investment which, while they ensure a profit to the bank, allow the highest degree of liquidity to be preserved and the demands of depositors to be met at any moment.

Another kind of transaction which has rapidly spread among the banks is that of issuing drafts. The popular banks issue these with increasing success, making use for their circulation of many correspondents on every money market.

## BUSINESS OF THE POPULAR BANKS.

All the kinds of capital of which we have spoken derived principally from paid-up shares, reserves and deposits, are used by the banks for their credit business, which consists of loans on bills and discounts, loans on current account, advances on securities, goods and articles of value, and the carrying over of stock.

The employment of capital which has most importance, as regards its profitableness to the various classess of the population is that of loans on bills and discounts. These represent the most lucrative, rapid and varied investment which the popular banks can find for their available funds. If they are wisely accorded and distributed they contribute to a rapid and easy increase of the societies' economic prospertity and welfare. The balance-sheets of the popular banks show that enormous sums are in this way distributed among the different producing classes, and they are as much as possible divided up among numerous clients.

Commerce, industry, agriculture, crafts, the most various forms of production, individual and collective labour: all have been fed by popular credit.

The help which the popular banks gives to the farmers who are their members and clients is particularly noteworthy. As has already been said, nearly a thousand million *liras* in loans and discounts were granted to farmers in 1908, but they have also received other forms of credit from the popular banks—current account, secured bills, mortgages and securites, mortgage loans, advances on pledged goods and provisions. Very often a farmer's soundest economic initiative has been inspired and supported by the direct intervention of the popular banks.

Some of the richest banks, like those of Milan, Bergamo, Cremona, Lodi, Mantua, Pavia, etc., have made and make notable loans to other societies, particularly to co-operative agricultural societies, rural banks, collective leaseholding societies, dairy and cellar societies, and co-operative production and labour societies. There is no kind of agricultural or urban co-operative society which is not subsidized and encouraged by the popular banks. Their relations with mutual institutions of all kinds are equally widespread.

The considerable number of transactions into which loans and discounts are divided shews how small and medium loans are always preferred to large loans, individual to collective bodies and co-operative to joint-stock societies.

The Italian popular banks have from the beginning used interest-bearing bonds falling due at fixed term, and have thus been able to enlarge their business so that it includes loans to farmers which mature in longer terms than is usual. In making investments of this kind, they preceded foreign institutions of the same type.

Their unguaranteed loans (prestiti sull'onore) are characteristic of them, being loans of small sums, preferably to workmen, on no other security than the borrowers' work and honesty.

Their work for the improvement of social and economic conditions within their spheres of activity is especially noteworthy. Often their collaboration facilitates the execution of important works of irrigation improvement and public utility generally.

The increasing abundance of available funds and the present needs of industry, trade and agriculture have necessitated new forms of investing capital, while the freedom conceded to popular banks for their business has contributed to the fact that each institution has been able to prefer particular forms of investment in accordance with particular local conditions.

Thus we learn from the last reports on balance-sheet that the two great Milanese co-operative institutions (the Banca Populare and the Banca Co-operative) increasingly invested in advances and loans of public and industrial securities of the first order, and that the popular bank of Novara continued to make large investments in loans guaranteed by mortgages and in agricultural loans. the field of agriculture, according to the last report, the constant effort of farmers to intensify production and overcome the numerous difficulties arising out of the war gave satisfactory results, showing that "the country did not place its highest hopes in agriculture in And the popular bank of Cremona, with its enormous deposits, continues to encourage "that wonderful progress in agriculture" which is making the province one of the first in Italy. The same remark is made as to the popular banks of Lodi, and those of Pavia, Modena, Bologna and Ferrara, which last have by large advances to hemp-growers greatly helped the agricultural class to resist and overcome the crisis on the market. Other banks continue to encourage the autonomous and co-operative institutions for popular dwellings, and almost all of them give liberal aid to the autonomous consumers' associations, the rise of which has, to the general benefit of the consuming class, been provoked by the local administrations.

## 4. Frederations.

Having noticed the constitution of the popular banks and their chief functions for the benefit of national economic, we will pass to a brief consideration of those federations which have contributed to keeping these banks united, co-ordinating and strengthening their work. Among them we should notice, first of all, the Associazionetrale Banche Populari Italiane which was instituted as early as 1876 by Signor Luigi Luzzatti and aims at founding

institutes of popular credit, safeguarding their interests, examining and discussing economic, administrative and legislative questions regarding the organization of this credit, and collecting and publishing statistical data.

The association's first care was to study the type of co-operative credit society most suitable to the national genius and the country's needs. That type was chosen which observed the two essential principles of undenominationalism and freedom of constitutional form, a preference being given to limited liability societies. Besides circulating the model rules of a society of this type, the association in every particular case indicated what business a co-operative bank could undertake in accordance with the conditions of its district and the needs of an urban or agricultural population which it had to supply.

In order better to at aim to its aims it supplies registers and forms for book-keeping and the noting of statistical data, and manuals, guides, general and special instructions, and comments on laws and rules, and it gives legal advice on questions submitted to it and keeps up a continuous and most varied correspondence with the affiliated banks.

There is mention of its action on the occasion of the reforms of the Italian commercial code with the object of bringing co-operative societies within this code, with the necessary regulations. If judgments in fiscal or other matters are given for the banks or against them, and are such that the establishment is to be feared of a jurisprudence inconsistent with the principles upon which co-operative credit is organized the association protects the federated banks' interests through the medium of a trustworthy legal expert.

From 1877 onwards it held seven national popular credit congresses, took part in the compilation of the various official statistics of the popular banks and, from 1889, published its periodical, *Credito e Cooperazione*, in which all questions relative to credit of this type are treated.

In 1912, the association promoted the constitution in Venice of a special popular credit institution, intended to fight usury by means of the small loans guaranteed only by character which we have mentioned. This new institution developed until 1917 and succeeded in fulfilling its purpose.

The association's work for all the co-operative banks' cause became however particularly apparent in 1913, when it made a strong and effective opposition to the ministerial bill which aimed at making compulsory the State inspection of those credit institutions, generally, in which the deposits amounted to more than three times the capital and reserve funds. The association then undertook the defence of the freedom of co-operative banks, admitting the necessity of supervision, but maintaining that the supervision to which the banks would freely subject themselves would suffice, and excluding all government intervention of any kind, especially where the investment of money was concerned.

For brevity's sake we will not speak of the association's other useful work and varied ways of helping the societies. They are fully dealt with in the periodical Credito e Cooperazione. We will however notice that on 31 December, 1917, it included 67 banks which represented a total paid-up capital of more than 40 million liras, reserves of more than 31 million liras, and trust deposits of more than 551 million liras. The available funds of the popular co-operative institutions united in the old association therefore amount to more than 600 million liras.

In order to unite the co-operative banks by vet closer ties the Federazione fra gli Instituti cooperative di credito was formed in 1914 with a federal bank at first situated in Milan, annexed to it for the transaction in common of credit business. From the report on the fourth year (1917-18) it appears that on 31 December, 1917, its adherent institutions numbered 39, almost all of them being situated in Upper Itally. They represented a total capital of 35,519 liras, reserves amounting to 26,606,819 liras and deposits amounting to 503,020,830 liras so that the total sum of their available funds was 565, 147,408 liras. The 30 banks and their 170 branches, scattered even in the smallest places, to-day constitute by means of the federations a great force and represent a unique and vast national banking association. The adherent banks have kept their entire autonomy and local character, but on the other hand they contribute to the formation of this new and important organization which is able to carry out any credit underwhich have hitherto been the privilege of the great financial institutions. The federal bank constituted with a capital supplied by the individual federated banks, is also gradually completing its organization. The total work which it has accomplished for members by various kinds of business—carrying over stock, buying and selling bills of exchange, receiving and paying money—covers a sum of more than 93,000,000 liras, to which should be added 26,000,000 liras for business with correspondents and clients.

#### LABOUR CO-OPERATIVE SOCIETIES.

The labour co-operative societies represent one of the most original forms of Italian co-operation. Formed among workmen, especially among labourers in the building industry, they arose with the principal object of withdrawing labour from the voke of common contractors and themselves accepting contracts for public works directly. In certain districts—Emelia, Romagna—where there is an excessive labour-supply, they also aim at lessening unemployment, by obtaining the concession of works from the State and distributing the accompanying employment. These cooperative societies undertake by preference the making and upkeep of roads, bridges and canals, the construction of water-works, the execution of works of land improvement and irrigation and the arrangement and transformation of lands, etc. Their development has been much helped by the passing of the special laws as to the contracts of co-operative societies which we examined in our issue for November, 1914. Two recent decree-laws allow them to expand and increase their activity, namely, the lieutenancy decree, No. 107, of 6 February, 1919, which makes rules for the execution of public State works, and the lieutenancy decree, No. 461, which regulates the concession of works of improvement to societies and individuals.

The first of these decrees amends existing provisions touching this matter with the aim of facilitating the execution of public works of the State, simplifying the procedure of expropriation, the conclusion of contracts and the granting of official approval, extending the competence of technical agencies, and making possible the desired revision of prices for works of which the execution is lengthy. It also introduces important facilities with regard to granting credits to the contracting firms and making consequent payments.

Articles 6 and 28 provide for co-operative labour societies. The former article lays down that the maximum value of a contract which can be ceded, by auction or private treaty, to a co-operative production and labour society or an agricultural co-operative production society is 500,000 liras. In the case of federations of co-operative societies this maximum is 5,000,000 liras or double the total sum of the maximum contracts which the federated society may accept. Contracts of a higher value than this maximum may be given to the federations, by private treaty, on the advice of the Higher Board of Public Works if the administration considers that the federations offer sufficient technical and financial guarantees.

This decree, while it notably raises the maximum value of the contracts which may be given to these organizations, allows, as has been seen, by means of auction and of private treaty (1), a wider extension of their activity.

The second decree mentioned more especially concerns works of improvement and refers to the lieutenancy-decree of 8 August, 1918, No. 1256. It encourages and facilitates concessions of contracts, simplifies technical procedure and the granting of official approval, regulates relations between owners of land to be improved and the concessionaries of works of improvement, etc. This decree contains no special rule in favour of co-operative labour societies, but the sum of its rulings will allow associations of this kind to take contracts for the works in questions, which will, when agricultural improvements are united to works of hydraulics, give many members of co-operative societies the opportunity of establishing themselves firmly on the land and transforming themselves from simple workmen to farmers.

#### **BUSINESS NOTICE**

- I. The annual subscription to the Bengal, Bihar & Orissa Co-operative Journal, including postage, is rupees three only for India and six shillings net for foreign countries, payable strictly in advance. A single copy of the Journal can be had for annas eight only.
- II. The Journal will be ordinarily issued every alternate month. Short articles and correspondence on Co-operation and allied topics will be welcome. Rejected articles can be returned only if accompanied by stamped and addressed envelope.
- III. Complaints about the non-receipt of the Journal should reach the Office within 15 days of the month after the month of issue
- IV. Contributions must be written (preferably typewritten) on one side of the paper and must be accompanied by the full name and address of the writer which will be published only if the writer so directs.
- V. All remittances should be sent to Mr. N. C. Bose, Hon. Treasurer, B. C. O. Society, 6 Dacre's Lane, Calcutta.
- VI. All communications 'including literary contributions meant for publication in the Journal) should be sent to Prof. P. Mukherji, Hon. Secretary, B. C. O. Society, 6, Dacre's Lane, Calcutta.
- VII. The scale of charges (payable strictly in advance) for advertisements in the Bengal, Bihar & Orissa Co-operative Journal will ordinarily be as follows:—

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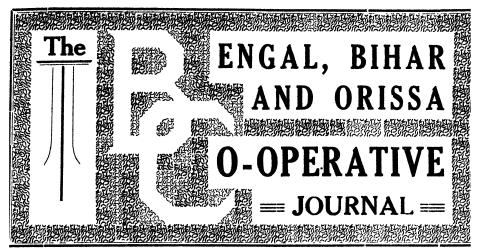
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#### NOTES AND NEWS

It has often been asked whether and how Co-operation will ever be able to grapple with the tangled and large-scale problems of modern business in our great cities. To those who desire to know how Co-operation can undertake the task of "organizing" our large cities and their business side and on what lines it is going to supply a frame for the play of forces of economic life we would recommend the study of some experiments in business co-operation now being carried out successfully in New York. America has not in the past made any remarkable contribution to the progress of Co-operation. But the new movement which we are going to describe will prove abundantly that it has put its shoulders to the wheel at last and that the world will have a great deal to learn from it as regards the application of the methods of Co-operation both to urban organization and to business organization. view of congestion in Indian cities and the growth of large businesses in them we make no apology for drawing attention to that movement.

The first stage of the New York Experiments opened with the provision of railroad service to small business men and industrialists. Mr. Irving T. Bush has set out to solve the problem of the traffic difficulties of small merchants and manufacturers by applying the principle of Co-operation. He has also extended these principles to the field of sale where wasteful competition had hitherto ruled supreme. New York had continued to grow with stationary railroad facilities which were confined to one place -Manhattan-which had become the source and destination of the bulk of the city's railroad traffics. This state of things meant enormous cartage charges and a great loss of time for the small business men who were scattered all over the area. remedied this state of things by opening a Terminal where small shipments were received and the whole of the small traffic was consolidated. As the number of the small traders who joined this Co-operative Scheme increased so also did the volume of their consolidated traffic, their ability to obtain and to load through cars and their capacity to obtain superior railroad service. Four thousand of these small business men have joined the scheme and they now command the services of 30,000 employees.

Another great advantage was that the former congestion of small business men which had taken place at Manhattan on account of the superior railway facilities enjoyed by the place was relieved. There resulted a decentralisation of light manufacturing. The heart of the city is no place for men and women to do industrial work, for the land there is too valuable and there is not sufficient residential accommodation. The incidental relief of congestion in New York is, therefore, no small item to the credit of Co-operation in New York.

Another service was done by Co-operation to the small industrialists of New York in connecting them with the large markets. While the large manufacturers possessed their own sale exhibitions and agents to push the sales of their articles the smaller producers remained without these necessary means of marketing goods. Hence hundreds of up-country manufacturers were unrepresented in New York. For all such people Co-operation has now catered

in a truly royal style. A "Sales Building" has been erected for them at a cost of three million dollars, thirty stories high. Each floor is devoted to exhibits of a single line of merchandise: for example, one floor for toilet articles, one for jewelry, one for infants' wear, three for boots and shoes. Each floor is in charge of an expert manager. Thus the small manufacturers, by this combination, provide themselves, at slight cost, with a sales location and a chance to exhibit and sell their goods such as not even their biggest rival can equal. Given such conveniences and means of reducing the costs of sale and transport there is no fear that the small manufacturer will be eliminated by the great rival: and this prospect is opened out by Co-operation. In our country much has been said about the urgency of reviving our cottage industries. The example of New York will show on what lines our co-operators should proceed to secure the prosperity of these industries.

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Encouraged by these successes the leaders of Co-operation in New York are going to extend their triumph to yet another economic field. The small retailer is threatened by the success of what Dr. Marshall calls "the massive retail trade". The large "Chain stores" of America are doing their best to crush the small retailer by bringing their goods to the very door of the consumer. Hence, the new scheme proposes to organize the buying power of the small retailer. If several thousand retailers combine in a Cooperative institution they can command a buying power for exceeding that of the largest retailer or "chain-store". At the same time they can preserve the advantages of individually owned shops in their appeal for local friendship and support. A buying organization of retailers is about to arise in New York second to none in America. The small retailers will then be able to buy selected merchandise at the lowest possible prices. Here alone lies the salvation of the petty trader whose only chance of survival lies in pitting the power of co-operation against the power of giant organization.

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The question of the application of the Income-Tax to Co-opera-

tive trading was considered by the recent Royal Commission on the Income-Tax and a great many views on the subject were brought into the discussion. Hitherto in England Co-operative Societies were liable to the Income-Tax upon any property that they owned but not upon profits on trading or on investment income. Private traders argued that the growth of the Co-operative movement was fostered intentionally by this exemption and that the whole surplus between cost price and actual prices of distributive societies ought to be charged notwithstanding the fact that a large part of the surplus is returned to the purchaser as "dividend". On the other side the Co-operative Societies argued that the whole of margin between the prices and the cost constitute not profit but a surplus belonging to the members and that no difference is made to the non-taxable nature of the surplus by the fact that a part of it, instead of being returned to the members in dividends is used by them in increasing the society's reserve. The Commission adopted the intermediate view that that part of a Co-operative Society's receipts (afeer expenses have been deducted) which is repaid to members as dividends does not constitute taxable profit, but that that part which is retained by the society does constitute such profit. In a word the Commission recommended that a society should be treated exactly as a limited liability Company trading under similar circumstances and under similar conditions. Such is the decision of the Commission; but we believe that the arguments on the other side advanced among others by Prof. Pigou should have carried more weight with the Commission. Admitting that a Co-operative Society is a legal entity as apart from its members it can yet be held that it is not proper to hold it liable for the Incime-Tax. If there were in the United Kingdom a corporation tax levied specially on corporations as such the co-operative societies should have been held liable to the tax. But the Income-Tax is not a corporation tax. In the second place, as Prof. Pigou and those members of the Commission who agreed with him argued, the proceeds of mutual trade are not profits in any sense to the group of individuals among whom mutual trade was carried on. are no more profits than the payments to a club by its members are profits. The Report has not tried to meet these contentions and we wish that more weight had been given to these arguments.

We congratulate Messrs. Surendra Nath Mallick, Romesh Chandra Sen, Nagendra Nath Banerji and Jogesh Chandra Das Gupta on their success in organizing the Bhowanipur Co-operative Store. At a time when profiteering is running rampant, and prices are not regulated by the cost of production, the organization of co-operative stores all over the country is one of the most effective means of bringing prices down to a reasonable level. We are not blind to the fact that there is at present a shortage of almost all the necessaries of life, and as Co-operative Stores will have to make their purchases in the open market the law of demand and supply operates as much against them as against the general public, and we do not look upon Co-operative Stores as the only means of bringing down prices, but regard increased production to be as necessary as equitable distribution for the purpose. But if Cooperative Stores are efficiently managed they ought to be able to bring some appreciable relief to their members. It was not even 6 months ago that Mr. T. C. Roy in his paper on "Co-operation in the new order" regretted the lack of enthusiasm co-operative movement among the educated people of Bengal and addressed an earnest appeal to them to identify themselves with the movement. We are glad that a response to his appeal has come and that from people, some of whom have figured prominently in the political activities of the country. We can only wish that the example of those gentlemen will be widely followed in country.

Co-operation aims at the elimination of exploitation altogether from society, but, there are types of co-operative societies from which the motive of exploitation is not so eliminated. A Co-operative Society among producers has for its object the promotions of the interests of its member producers and the society will not scruple to take advantage of the market prices to raise the prices of its members, produce just as traders do. The way to harmonise the interest of the consumers with those of the producers is to bring both within the fold of one society. And we are glad to learn that an experiment on that line is going to be tried in the Backerganj District. Thanks to the public spirit of

Rai Bahadur Mathuranath Sen and Mr. Saroda P. Sen, Hon. Organizers of Co-operative Societies, Barisal, backed by the active interest in co-operation of their Collector Mr. Waddel, an informal Conference was held in the Collector's residence on the 15th August, 1920, to consider the question of a Supply and Sale Society at Barisal on the lines of the existing society at Khepupara in the same District. The Conference was attend by Mr. T. C. Roy, Dy. Registrar, Co-operative Societies, Bengal, and Khan Bahadur Asaduzzaman, Joint Registrar, Co-operative Societies, in charge of the Dacca and Chittagong Divisions. The Conference resolved to start a Society for Sale and Supply and limit its operation to the sadar sub-division in the District. It was decided that there should be two classes of members in the society namely producers and consumers, and when the produce of the former was sold to the latter the sale should be at concession rates.

The ryots of Barisal as in other districts cannot hold back their produce for any length of time and the prices at which traders purchase from them do not bear any satisfactory proportion to the prices at which they sell it. A part of the trader's profits, saved by the society, will go to the member consumers and a part to the producers. The society will thus enable the ryots to obtain better prices for their produce. It will do more. The ryots very often do not or cannot keep a sufficient stock of food-grains for their own requirements during the year. Having sold cheap they have often to purchase dear. The society's concession rates to members will benefit them in their purchases. We hope the organization of the society will not be delayed and it will be soon in a position to start work.

The Organization of the sale of ryots' jute is one of the crying needs of Bengal but not much progress has yet been made in that direction. There are one or two jute societies in East Bengal but these societies are almost as much at the mercy of the capitalist dealers in jute as individual ryots. We are afraid

there is very little chance for such isolated societies and no satisfactory progress will be possible until by the organization of extensive areas, it becomes possible to command a considerable supply. For that purpose it seems necessary to organize whole sub-divisions or districts, if possible. It is doubtful whether organization of small societies one by one and their federation into a central society later on is the best way to proceed in the matter. We have however received a scheme of a Wholesale Society in Calcutta which contemplates small societies in the moffusil. What is proposed is that we should organize in Calcutta a society with a capital of 25 lakhs of rupees divided into 25 thousand shares of rupees 100 each. Membership of the society should be open to co-operative societies for the sale of jute as well as to individual jute growers and others. There are very few such societies in existence now but once the proposed society is organized and registered, it would not be difficult to form societies in the moffusil, for the only difficulty that stands in the way of such societies being formed is the uncertainty attending the sale of jute, which would be removed considerably by the proposed society. It would be necessary to raise at least 10 laks of rupees by the sale of shares to the public before the society can be in a position to start work. Judging by the discussions in the press about the necessity of giving relief to jute-growers, one might expect that the zemindars and other monied classes of Bengal would liberally subscribe the shares. The society would arrange to collect jute in the moffusil from the actual growers and from co-operative societies; and should keep regular accounts of the quantity obtained from each, paying to each a certain amount in advance. In the initial stages before rural societies are formed on an extensive scale, the society will have to deal with a large number of individuals, but as in any case account of every transaction has to be kept, it would not entail any additional work, the ledger book being the only additional register that will be necessitated by the proposed arrangement. The society will have a big godown in Calcutta and its agents will transport all jutes purchased to the godown. Being in close touch with the market and having experienced men on the staff, the society will be able to dispose of its jutes to the best advantage. The accounts will be adjusted after the year's sale is over, the

society charging a certain percentage on the proceeds as its commission. From the commission a dividend not exceeding 12½ per cent. will be paid after 25 per cent. is placed to the R. F. and if there is any balance left, it may be spent in giving bonuses to the cultivator members and in such other ways consistent with the Act as the Directors may decide. This is briefly the scheme and we place it before the public for discussion. For ourselves we think there is much in the scheme to recommend it and we should be glad if some men with experience of jute business were to take it up.

Seven new of fishermen's societies were established during the year—four in Bengal and three in Bihar and Orissa. Six of these societies were organised by the District Fishery Officers. The total number of societies in existence at the end of the year was 32 in Bengal and 7 in Behar and Orissa.

In the course of his concluding address at the last meeting of the Bengal Legislative Council H. E. the Governor thus referred to the assistance rendered to the Co-operative Movement by the Public Demands Recovery Act—"The Public Demands Recovery Act was designed to assist the co-operative movement by providing for the recovery of the dues of societies under liquidation by means of the certificate procedure. I am glad to say that the Act has proved of considerable assistance, the Registrar of Co-operative Societies having reported that during the first ten months of its operation the collection of such dues amounted to four times as much as the whole collection in all the years before the procedure was introduced."

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The Publicity Officer of Behar and Orissa has issued the following notification regarding the Loan Funds of the Co-operative Societies:—

"Anxiety has recently been expressed concerning the adequacy of the funds at the disposal of the Behar and Orissa

Provincial Co-operative Bank and the Central Banks and it has been suggested that in consequence of heavy withdrawals by European depositors, the available funds are now at a low ebb and that the issue of the 6 per cent. loan by the Government of India will also affect deposits in the Co-operative Banks. It is satisfactory to be able to state that although there have been considerable withdrawals by European depositors the funds of the Behar and Orissa Provincial Co-operative Bank and the Central Banks are at present ample and no difficulty has been experienced in meeting the demand of the Co-operative Societies. It is possible that with the general rise in the rate of interest taking place in all countries the rate offered by the Co-operative Bank to depositors will have to be raised so as to keep a due proportion with the market rate of interest prevailing. At present, however, such a step has not been found necessary."

## CO-OPERATIVE SALE SOCIETIES

# By MR. H. W. WOLFF.

It does one's heart good to see all this new ferment of agitation in favour of new forms of co-operative activity now in progress in India, of which your issue of May has given evidence, evidently the leaven contained in Co-operative Credit is doing its work.

The applications now particularly favoured appear to be That is as it should be. Mr. Devadhar's Distribution and Sale. glowing eulogy of the apparent "wonders" seen by him on his recent visit to England, and the reports coming to India of the equally marvellous successes of Co-operative Sale in various parts of the world unmistakably have fired people's imagination. all means let Indians "go and do likewise," as they seem bent upon doing. They stand to gain much. It is only human that in their devotion to the "new love", they should for the moment drop some of their admiration for the "old". But it would be a great mistake to kick the ladder by which one has risen from under one's feet at the very time when one still has urgent need of it. Pray let Indians bear in mind that in every country people naturally and wisely begin practising Co-operation at the one point at which it promises them most immediate benefit. In Great Britain a large industrial working population found itself outrageously cheated and robbed by its trading banias, and at a lamentable disadvantage in comparison with other folks for want of capital of its Credit would have been of no earthly use to it. Neither production nor sale. It had nothing to sell; and it stood in no need of borrowing. It drew its regular wages. But it wanted cheap living and a convenient savings bank. Distributive Co-operation gave it both. In France working men were more after Emancipation. And they took to production for the sake of self-employment. In America the oppressive banias were the Trading Rings

and the Railway Companies. Accordingly the defrauded farmers applied themselves earnestly to Co-operative Sale. In Germany and France small cultivators just as has happened in India—felt their great and most urgent need to be that of Credit. And Credit accordingly they practised-making it to lead on to the full array of services which co-operation is now so richly bestowing upon them in a variety of forms. Distribution, Supply, Sale, Education—all has followed in its proper order in the wake of Credit, and these small farmers are served as they never were before.

By all means, then let us follow their example! Having begun with the most urgent need, let us expand, but let us be careful to avoid one-sided Co-operation. Human Economy is many-sided as the human body is many-membered. And there is not a side, any more than there is a member, which does not call for special consideration, as discharging an essential, indispensable function. But in its one-sided application every form has its own weak points as well as its strong—what in human character are called "the defects of its qualities". I will not here point out the several defects; but they are plainly marked and greatly damaging. In all things there wants to be a balance. It is the seven colours of the rainbow, which in their combination produce the clear white light.

Evidently what in India at present prompts the keen desire evinced for Co-operative Distribution is the tale of the "wonders" coming to the country from Europe. Rightly so. But are conditions in India under this aspect really comparable to those prevailing, say, in Great Britain? In Great Britain you have a huge, dense mass of industrial workingmen, "well paid"—thoroughly well paid at present—"artisans", as the late J. C. Gray. At the time the honoured General Secretary of the Co-operative Union has described the lot of distributive co-operator—with well filled purses and large wants, for domestic purposes. Can India—for the present—"go and do likewise" with its scattered, moneyless rural population, of which a little paddy supplies the wants of the inside, and a little cotton those of the out? I sincerely hope that you will before long have richly developed distribution. It is the best foundation for a general Co-operative

distribution. It is the best foundation for a general co-operative development. But the proper advance to it appears to me to lie accross Agricultural Supply, to teach the principle and accustom people to its practice. There you have unmistakeable large and constantly growing wants, which clamour for satisfaction. That will provide the necessary custom for success. And it will teach your people the value of Co-operative Supply, of which what is now called "Distribution" is only a form. And moreover it will, by increasing their wealth and raising—as Professor Stanley Jevons rightly desires—its "standard of living," produce the larger demand for domestic requirements that Co-operative Distribution stands in need of, and the means for satisfying such. I judge Mr. Devadhar and his friends to be thoroughly right in pleading, as they are doing in India, for an early establishment of a Wholesale Society. You have excellent models to follow both in Great Britain and in Ireland. Your fancy appears to have been particularly caught by the Irish Society.

'And you could not have a better model. I only wish that you could find an Indian Harold Barbour to preside over it and lead it to triumph. You appear to want a Wholesale Society—in fact several, at first provincial and eventually an All-Indian—more particularly in the early stages, mainly as a link with Manchester. I look upon that as the first necessary point. Manchester can supply you with probably all, or at any rate most, of the goods that you stand in need of at present. And I know it to be willing to deal with you, if your societies will only take up the connection in a business like manner—which one or two societies communicating with it have not altogether done. Your internal development will follow as a matter of course as you proceed.

However, highly desirable as distributive societies may be, Sale Societies are probably even more so. For distribution you have the demand still to create. In respect of sale you have got it. For you have the goods that you want to sell. And the quantity of them is growing.

What, then, is it that you want, to organise Co-operative Sale successfully? You talk of "Sale Societies". You need them, because there can be no Co-operation, or instruction for such, with-

out an organising and instructing body. But do not expect too much of such societies. They can only organise. The real Battle will be a "Soldiers' Battle" dependent upon the work of members.

First, then, you necessarily *must* have Credit. The bania's superiority over yourselves lies only partially in his knowledge of the markets and the trade. He has money with which to hold over goods and await a "boom". You have to sell as the crops ripen, which means, as a rule, at "slump" point. You, too, will have to be able to hold over goods, and to satisfy your members with advances in the interval. Then do not neglect Credit.

Next, you must have "bulk". And, having bulk, you must also have a steady dependable supply of marketable goods, fully appropriate to their several markets. You cannot establish a profitable and dependable sale in small quantities. Those lucky hits at Mangalor and Calcutta (from Khepupara) that Professor Mukherji speaks of in your number of May, are not to be relied upon. You hit it off once. You will find yourselves disappointed twenty times—especially when the banias set to work to counteract you and put a spoke in your wheels, which is an easy enough thing for them to do. You will succeed only if you leave as little as possible to chance. The Danes, supplying England, have a well and minutely organised service advising them daily which will be the proper mrkets for delivery, so as to avoid overfulness at one point and over emptiness at an other. In the United States there is a highly organised telegraphic service spread out over the entire immense country, to enable sellers to direct their goods to quite the right places at precisely the right moment—with the option given them of redirecting their cargoes while en route. It is that which makes the sale successful.

All this means, that, not only do you want to secure a sufficient number of members to ensure "bulk", but you also want to keep them under discipline, above all things that you will have to tie down your members securely to the delivery of all their available produce to the society, at any rate for a certain time. If you do not do that, your society is likely to find itself doomed. The most successful Sale Societies abroad are the most exacting in this particular. Without such insistence the bania, who will anyhow

do his outmost to deter the public from dealing with you, will willingly obstruct you by offering excessive prices for the moment to your members, either for all their produce, or for the pick, leaving you with the rubbish, that you cannot get rid of—so as to kill your society—after which he will amply recoup himself by plying his re-acquired monopoly and fleecing you to an intrensified tune.

But that is not all. "Bulk" is not enough. You also want uniform produce.... "Bobbery" selections won't sell. You want to establish a name for one particular article, or, at any rate, of several all equally well known to the market.

And even this is not enough. You want quality as well as quantity. Your produce must become known to be of dependable quality. That is how the Danes and the Americans have established their successful business. The produce brought to market wants to be examined and standardized-whatever it may be, whether grain or cotton, or fruit, or eggs-everything. America, people began with standardizing cotton and grain. The practice was found so successful for both buyers and sellers that it soon came to be extended to practically all produce. And the sale is the better for it. That means, among other things, that you must, by discipline, keep your members studiously up to the mark in respect of quality. That ensures custom. Hence Dutch "Butter" and "Cheese Control"—the former of which has been adopted also in Ireland-and American verification of "standard" by official examination. German granaries have by this means developed their grain dealer to a specialised trade, commanding "pedigree" prices. American fruit societies, also grain societies, flourish upon it. In Germany the matter has been carried to this point, that even live stock has in some cases been dealt in unseen. The description given was taken as sufficient.

If you will adopt these practices, on business like lines, you may consider yourselves certain of success. Please bear in mind on how very much better a footing agriculturists are in this matter placed than industrial producers. Their produce can in any case count securely upon a sale. There may be a question of price. But the goods will be sold. And the difficulty about price you can, within certain limits, overcome by organisation, the selection of

competent officers and of the proper markets. Please go on, we shall before long see Co-operative Sale adopted in India on a large scale. And the whole country will be the better for it, more particularly the ryot population.

## "INDIAN CO-OPERATIVE STUDIES"

[EDITED BY R. B. EWBANK, I.C.S.]

# By Prof. J. C. COYAJEE

When Dr. Johnson was asked his opinion about the merits of a dinner of which he had heartily partaken and which he had keenly enjoyed he answered "Sir it could not have been better prepared, had a synod of cooks been consulted in the matter." We have come to a similar opinion about the book before us after a close perusal of it. In the present case, indeed, Mr. Ewbank did convene a synod of Indian co-operators, in a sense, and has pooled their intellectual resources and experience. Mr. Ewbank has rendered many and great services to the cause of Co-operation in India and he has now crowned his achievements in that line by publishing a work which is meant to "assist the future voters and legislators of India to form sound and independent opinions upon such co-operative questions as come before them." There are numerous controversial points in our practice of Co-operation awaiting final solution—a solution which in the last instance time and experience can alone supply but in the discussion of which the present work written by experts on topics to which they have devoted special and prolonged study would prove of very great We recommend every student of Indian Co-operation to purchase and study the work. Meanwhile we shall follow our own advice and proceed to get light on some disputed points from "Indian Co-operative Studies."

In the first Chapter Mr. B. A. Collins gives a lucid and comprehensive explanation of what the problems of rural life in India are and how Co-operation can help to solve them. In the second, Mr. Calvert studies the prevailing types of rural credit societies and here we are at once on controversial ground which the writer traverses with the ability which is only to be expected from

We can note here some of the good things which the essay The first thing that strikes us is the excellent analysis of the nature and functions of the Reserve Fund, which follows closely Mr. Wolff's dicta on the subjects. It is described as "a buffer between the property of the members and the demands of unsatisfied creditors." The reserve fund, of course, has other functions as well. It is meant to meet occasional deficiencies of various kinds, to supplement working capital, and finally to serve the part of an "Endowment Fund." Mr. Calvert thus explains its present character and future importance: It is the real capitalisation of character in as much as its existence means that members are not throwing any burden upon it by defaulting. present imperceptible, its influence will gradually transform the whole economic aspect of village debt and credit, for it is only a matter of time before there will be accumulated a sum sufficient for all the current needs of the members, and therefore interest on loans will no longer constitute a drain on the community. Luzzati or Wolff would put it, it is to be "a fund collectively owned, collected out of the surplus funds resulting from, in themselves fruitful, transactions, the blessing left behind by other blessings." Mr. Calvert is not afraid to deduce the final corollary from his reasoning and to draw attention to this peculiar feature that "Co-operative Credit as pratised in India tends to abolish Co-operative Credit."

We would also recommend to our readers a study of Mr. Calvert's views on the advisability and difficulties of the share-system in the organization of societies. That the author has broad sympathies with different schools of co-operative thought as well as wide intellectual outlook is shown by the concluding sentence of the essay. "In practice it is of little moment whether this thrift takes the form of small share contributions or of an excess in the interest charge or of a combinations of both. Some capital owned by the society is necessary, and where shares are not contributed, this must be built up out of a higher margin of interest."

From Mr. Ewbank's masterly article on 'Guaranteeing Unions' we took occasion to quote in the last number when discussing Mr. Wolff's views about them. Mr. Ewbank goes to the

heart of the matter at once by pointing out the dangers of entrusting to Central Banks the functions of supervision and teaching as well as of finance. The necessity for unions of the institution of some sort having been thus demonstrated, the writer of the article argues that banking unions will not do for India as they require exceptionally competent men to manage. He then turns to supervising unions and shows that it is doubtful whether they can meet the great need of helping central banks to assess the credit of borrowing societies. Consequently, Guaranteeing Unions alone can meet the requirements of Indian conditions. Perhaps, however, Mr. Wolff would object to the second step in this agrument and deny that it is any part of the duties of unions to help central banks to assess credit. As Mr. Wolff observes in his recent book on "Co-operation in India" the "Central Bank desiring to be made the pivot of the whole system and practically direct local credit but having discovered that at its distance from the localities to be dealt with it cannot sufficiently gauge local conditions, by this means obtains a guarantee which it considers practically good enough, withou; necessitating further trouble."

Nevertheless, on its own side of thought Mr. Ewbank's vindication of Guaranteeing Unions will always remain the locus Nowhere else have we come across such a strong case classicus. made for these Unions nor such an instructive account of their organization and activities. To the objection generally taken as regards the interlocking of liability Mr. Ewbank answers that even in the case of the Central Banks some interlocking of liability is bound to take place. If it is argued that members of unions might be tempted to be too indulgent to the defects of each other, Mr. Ewbank rejoins that a similar objection might be urged to practically all institutions organized on a democratic basis. to the future development of the union organization Mr. Ewbank has some pregnant remarks which deserve to be quoted in full. "They will then take the third step and demand a federation of unions, in which the delegates of Central Banks and other types of Co-operative Institutions within their districts will be re-In Burma this stage has already been reached in several districts, and district agricultural and Co-operative Associations have been formed as federations of unions, to discuss questions of policy and general interest, to serve as the central authority in a district for questions of Co-operative Administration, and to act as a link between the Co-operative Organization and the general administration of the country as represented by the Deputy Commissioner. The last stage will be the provincial Co-operative Council to which every district association will send its representatives."

Another noteworthy contribution is Mr. Joshi's article on Co-operation among Factory workers. It discusses, among many interesting matters, the nature of the liability of the members which should be a compromise between the two kinds of liability the limited and the unlimited. It also enumerates and examines the claims of the various nexuses of factory societies—residence, place of employment and the native place of the workers. tions of value are made as to the management of such societies, the means of obtaining capital, as well as about the problems of stores, insurance and housing. Good advice is given to the employers who are told that there is no connection between strikes and workmen's organisations. We would however take exception to Mr. Joshi's contrast between the spirit of Co-operative Societies and that of Trade Unions and to the assertion that "trade unionism is a movement based on conflict and hatred". There is room both for Co-operative Societies and trade unions in the evolution of working classes.

The present writer cannot be expected to sit in judgment on his own contribution on "Urban Banks." The main lines of Co-operative policy laid down in that essay might, however, be briefly recapitulated. If our urban banks are to multiply and to fill the vacant space left between joint-stock banks on the one hand and agricultural credit banks on the other, they require a more vigorous principle and rate of growth. Hence suggestions are made as regards the lines on which our urban banks can be multiplied. Besides increasing their number means have to be adopted to improve the organization and to increase the momentum of our urban system of banks. With this object in view it is proposed to start a new series of Central Urban Banks. Finally, suggestions are offered about the improvement of the machinery of

management of our urban banks. Hitherto there has been little difference made between the machinery of urban banks and that needed to manage the affairs of the simple rural credit societies. But if our urban banks are to attain the size and organization which are required to enable them to take their proper place in the banking system of India, we should look to it that they are equipped with a machinery of management adequate for their task. The present mechanism just suffices for very small scale banks, but is entirely inadequate for any development either of size or in the complexity of business.

In the article on "Co-operative Finance and the Money market" Mr. Collins shows the strong financial position of our co-operative system. He puts in a plea for its connection with the general money market which will enable it to avoid the expense of massing huge unused reserves at its apex and to some extent also the complication of seasonal demand and surpluses. He also appeals for an access to the unexpended balances of Government. For both these purposes he recommends the formation of an All-India Co-operative Bank with somewhat the same relation to the Government as the presidency banks now have. The developed Co-operative System will, in future, in return for such help, open a great market for Government securities and will produce that equilibrium of monetary demand and supply for which Government and the financies have long been vainly seeking.

Mr. Clayton's article on "the Position of the Registrar" and Mr. Mehta's on "Training and Propaganda" should be compared and studied together. We agree entirely with Mr. Clayton's definition of the line of co-operative evolution in India and we are happy to find that in many essential points Mr. Mehta's contribution clinches the arguments of Mr. Clayton. From the historical example of the I.A.O.S. of Ireland Mr. Mehta concludes that even a thoroughly democratic constitution is not a guarantee of the success of a co-operative system and might fail to call out the characteristic virture of self-reliance and the spirit of co-operation. We all agree with Mr. Mehta that the most logical line of development is the evolution of self-governing federations, composed wholly of societies and dependent for funds entirely on their own resources. He, however, wisely recognises that the lack

of any active desire for federation will very likely demand a gradual progress towards this goal. That being so, Mr. Mehta borrows a leaf from Mr. Montagu's book and will only gradually transfer subjects from the control of the Registrar to that of the Federations. He decides, very properly, that training and propaganda and the deliberation of policy are the functions most suitable to start the transfer with.

Mr. Calvert's views as developed in his essay are very instructive and are in substantial argument with those of the preceding writer. Mr. Calvert begins by demonstrating the failure of the over-ambitions effort of those who have made the Central Bank the mainspring of the co-operative movement and would transfer to federations of such banks some of the most important and essential functions of the Registrar. But one of the most eminent followers of this school had to recognise at the last Conference of Registrars that the federation auditors had no influence whatever and that they could never be independent. Mr. Calvert lays down an incontestable proposition when he asserts that "the extent to which the Registrar can, at any time, withdraw himself from the charge of the primary expert services will be determined by the accumulation of funds by the societies enabling them to pay for a first class executive officer of equal calibre to that of the Registrar and by the development of sufficient administrative capacity among the co-operators or their representatives to enable them to assume the responsibility for the actions of that officer without impairing the efficiency of the movement." As the writer very pertinently points out, the work must begin from the bottom and not from the top. Until the primary societies can control wisely their own central bank, they should not undertake the task of controlling the provincial bank. Until the societies of any area have learnt to take measures in concert for the inspection, instruction and improvement of each other, we cannot look to them to be able to organise and control federations for audit or for the supply of other expert services.

Col. Crosthwaite who tackles, in the fulness of his great experience, the thorny "problems of Audit," reaches similar conclusions. His opinion is that at some future stage it may be proper to entrust the actual audit of central banks and other

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societies to a regular cadre of auditors paid by the movement itself and working under a centralised non-official control. But at present a Government audit department is likely to be more impartial and efficient. He argues with Mr. Wolff that "some kind of Government supervision there will always have to be". As to the claim of many Indian co--operators that the cost of audit should be borne by Government, it is justly pronounced by Col. Crosthwaite to be a socialistic proposal and one likely to limit the ultimate expansion of co-operation.

No one in India could have been more fitly asked to write on "Co-operation and the Housing Problem" than Rao Bahadur Talmaki. It is extremely instructive to read his views on the "Co-partnership Tenancy System" and its advantages, on the various types of housing schemes and on the nature of assistance which these schemes require.

The present writer has discussed in various articles and notes included in the *Capital* as well as in the present *Journal* the opportunities and difficulties of agricultural trading societies. He is happy to find his views corroborated by no less an authority than Mr. Noyce, nor does he think that looking to the great difficulties of the problem Mr. Noyce has laid undue emphasis on the part which state effort must play in forwarding the cause of Co-operative Trading.

The book we are reviewing commands and sustains the unflagging interest of the reader in every chapter and to the last page. It would serve no good purpose to summarise the well-known and often discussed opinions of Dr. Slater on Co-operative Stores and of Sir Daniel Hamilton on the policy of the Co-operative development. Our advice is that every one who is interested in Indian Economics should read, mark and digest this store-house of information on co-operative thought, policy and practice. It is a worthy and invaluable legacy from the older generation of Indian co-operators—who have deserved eminently well of India—to the newer generation which is now entering upon its labours.

# KHULNA CO-OPERATIVE CONFERENCE

The Co-operative Conference held at Khulna on Sunday, the 19th of September last, under the presidency of the Collector, Mr. Fawcus, was a success from every point of view. In the morning the annual General Meeting of the Khulna Central Bank was held in the local Coronation Hall: after the energetic Secretary, Babu Jatindra Nath Ghose, had read his report which showed all round progress of which any district in Bengal may well be proud, the election of Directors began: more than two hundred rural representatives took an active part in voting and the sight was one which would have satisfied the most astute critic of the new Reforms that the Bengal ryot—though illiterate,—is not unintelligent, and that he can be relied upon to exercise his franchise in the most approved Western fashion. The Co-operative movement has already laid the foundations of the system of responsible Government which is going to be introduced in the country.

The Conference began punctually at 1 p.m. with Mr. Fawcus in the chair and was attended by all the leading officials and nonofficials of the District. A small party of representatives of the Bengal Co-operative Organization Society, including Mr. T. C. Roy, Prof. P. Mukherjee, Rai Lalit Kumar Mitra, Rai Shahib T. N. Moitra (of Pabua) also took an active part in the proceedings of the Conference. Khulna people are fortunate in having an able and sympathetic man like Mr. Fawcus to guide and lead them. After an opening song excellently sung by a choir of boys, the President distributed certificates and silver mounted sticks to those gentlemen who had rendered conspicuous disinterested services after last year's cyclone. Three money prizes, awarded by the Khulna Central Bank and three nice watches, presented by the Bengal Co-operative Organization Society were then given away by the President to the most deserving rural Co-operators. After the President's speech in which he dwelt on the moral effect

of the Co-operative movement on the people of Khulna, Prof. P. Mukherji submitted two important proposals before the Conference: one related to the formation of consumers' co-operative stores and agricultural purchase and sale societies: the other related to the formation of a local branch of the B. C. O. Society. Both the proposals were unanimously accepted. Prof. Mukherji was followed by Mr. T. C. Roy, Rai Lalit K. Mitra, Rai Shahib T. N. Moitra and Mr. S. P. Gupta of the Sanitary Department who delivered a very impressive speech on the supreme importance of health and sanitation for national progress and development: his assistant also gave an interesting speech illustrated with experiments. All around the hall there were health charts, cooperative exhibits, exhibits from the Agricultural Department, charts describing the achievements of co-operation etc. All the proceedings of the Conference, were conducted in Bengalee and were intelligently followed by the peasant delegates who formed the majority of the delegates. The success of the Conference is due to the whole-hearted co-operation of various classes of people -but largely to the selfless labours of indefatigable Mr. J. N. Ghose.

## **CO-OPERATION IN BOMBAY**

## 1. Annual Report of the Bombay Co-operative Housing Association.

In the course of the annual report of the Bombay Co-operative Housing Association for the year ending March 31st last, it is stated:

The allotment of 5 lakhs of rupees made by Government for granting loans to Co-operative Housing Societies in the Bombay Presidency has given a great impetus to the formation of Housing Societies. Altogether 14 new Societies were registered during the year, 6 of which were formed in Bombay city and its suburbs, 4 in Dharwar, 1 in Ahmednagar and 3 in Karachi. The total number of registered societies at the end of the year, including the 8 started in previous years stood at 22. The progress made by these new societies in the year consisted mainly in collecting capital and acquiring land. No building operations were undertaken by any of them. This was mainly due to the abnormal rise in the prices of materials and the cost of labour. A Central Union on behalf of the Societies is under contemplation with a view to afford facilities for obtaining materials.

Only one Society has so far succeeded in having a Government loan sanctioned to it. This is the Bombay Catholic Copartnership Housing Society and the amount sanctioned is Rs. 6 lakhs, out of which 1½ lakhs is to be advanced in 1920. A few other Societies have applied for Government Loans, but none has been sanctioned so far. The main difficulty in this connection is want of definite instruction as to how a Society should proceed and what authorities are to be approached for getting the lay-out of the land and the plans and estimates of the proposed buildings sanctioned.

The most important event of the year is the change of policy adopted by the Bombay City Improvement Trust in regard to its land policy in favour of housing societies. The Trust gave a large number of its plots to many such Societies at scheduled prices without auctioning them. On the other hand, the Trust has

imposed on the societies the important condition that the net income from rents in the case of houses built on such plots, excluding all outgoings, should not exceed 6 per cent. per annum on the capital invested on them. The condition is intended to prevent profiteering. The Trust's new policy gave an impetus to the formation of many societies already registered, and a few more are taking steps for registration. The Trust gave land on the above conditions to the following societies—(1) Bombay Hindu Co-operative Housing Society 1,18,021 sq. yds, (2) Bombay Chandraseniya Kayastha Prabhu Co-operative Housing Society 39,347 sq. yds. (3) the Hindu Building Association (formed by some Gujratis) 57,396 sq. vds., (4) the Kutchi Visa Oswal Building Society 23,280 sq. vds., (5) the Telugu Building Society 35,532 sq. yds., (6) the Zoroastrian Building Society (registered under the Companies Act), 1,69,710 sq. vds. It is hoped that the Trust will give increased areas to housing societies in the fresh schemes of development that have been taken in hand.

## BUILDING DIFFICULTIES.

The Societies registered upto now either in Bombay or Karachi are all formed on a communal basis, except the small society formed in the Taluka of Bydgi. It is significant, however, that while the Christians, Parsis and the various Hindu communities have formed or are forming societies for the improvement of the housing conditions of their people, not a single society is yet formed or is in the process of formation among our Mahomedan brethren.

The work done or being done in Bombay in the matter of Co-operative Housing is a mere trifle when compared to what is done or being done at Karachi, in view of the fact that the population of the former is about eight times that of the latter. The chief difficulty in the way of the people in Bombay lies in obtaining land on reasonable terms. But land alone cannot solve the housing problem unless houses are rapidly built thereon. Building materials at present in the city are both scanty and dear. The question of cheapening them by encouraging extensive production, by affording expert advice in the matter, and by bringing

about facilities of transport ought to engage the attention of the authorities without delay.

No doubt big schemes engineered by Government are in the air and His Excellency Sir George Lloyd has thrown himself heart and soul into the task. The development of the northern part of the city has been entrusted to the combined efforts of the Improvement Trust, the Municipality, and the Port Trust, and a total area covering about 3,000 acres is proposed to be developed to afford accommodation to six lakhs of people at the moderate density of 200 people per acre. It is said that besides the development of land many other kindred matters are engaging the attention of Government, but they are not yet made public. But whatever be the plans of Government, if they do not include measures for the encouragement of increased and better supply of building materials, the solution of the housing problem will be as distant as it ever was.

#### 2. Bill to amend the Co-operative Societies Act.

The following are the statement of objects and reasons of the above Bill to be introduced into the Council of Fort St. George:—

Under sub-section (5) of section 42 of the Co-operative Societies Act, II of 1912, the orders made by the Liquidator of a Co-operative Society, the registration of which has been cancelled, have to be enforced by the Civil Court. It is of great importance that money due to societies which have failed should be collected and their liabilities discharged with as little delay as practicable. The procedure authorised by law, as it now stands, has been found to involve considerable delays, and it is desirable to provide for a more expeditious and efficacious procedure for the realization of the assets of societies under liquidation and of the costs of liqui-The Committee on Co-operation in dation. India. recommended that at the next revision of the Co-operative Societies Act, provision should be made for the summary recovery of the assets of a society in liquidation. Further, the Madras Provincial Co-operative Conference at its sixth session in 1917 unanimously recommended that the use of a summary process should be permitted in the recovery of loans repayable to liquidated societies.

It is therefore proposed to provide by law for the recovery of the assets of liquidated societies in this Presidency and of the costs of liquidation as if they were arrears of land revenue. To prevent any abuse of this provision, it is proposed that this procedure should be adopted only when a requisition in this behalf is made to the Collector of the District by the Registrar of Co-operative Societies.

## 3. Ce-operative Finance in Bombay.

The Registrar of Co-operative Societies in Bombay is impressing on all District Co-operative Banks the necessity of raising local deposits as far as possible. First of all, he points out, in the present stringency of the money market, it is a patriotic duty of the first importance, to bring into circulation for the national good, all the money that can possibly be tapped locally, and it cannot for a moment be doubted that such money is there in large quantities, though it needs a sustained effort from the local leaders of the movement to induce the habit of investment. Secondly, from the point of view of the District Banks and of the Co-operative movement in the district, it is essential in the interests of economy to raise funds locally. He suggests that if larger funds can be raised and surpluses remitted to the Bombay Central Co-operative Bank, either as fixed deposits or in current account, the financial stringency at head-quarters will be relieved and the whole movement will again gain by a consequential lowering of interest.

# 4. The Bombay Central Co-operative Institute.

The Bombay Central Co-operative Institute has arranged an elaborate programme in connection with the English training classes it has organised for spreading knowledge on the subject of Co-operation. The campaign started on Monday, August 23, at Wilson College, Chowpatty, and continued till August 30. On the first six days classes were held each day—an hour and a half in the morning and two hours in the evening—and three lectures were delivered every day by lecturers who had made a special study of the different branches of Co-operation, notably among them being the Hon. Mr. Lalubhai Samaldas, Mr. Otto Rothfeld, Mr. G. K. Devdhar, the Hon. Mr. C. V. Mehta, Mr. S. S. Talmaki.

# Mr. N. M. Joshi and others.

The lectures were on a variety of subjects including co-operative finance, agricultural co-operation, indebtedness, small industries, co-operative housing, mill-hands' societies, peoples' banks, etc. Two days were set apart for visits to the Central Co-operative Bank, Central Co-operative Institute, Bombay Co-operative Stores, and certain Co-operative Credit and Housing Societies. On the last day an examination was held of the students attending the classes. The object of holding these classes is evidently to create a class of men who can conduct co-operative societies' work in the mofussil and to organise their activities.

#### 5. Coming Co-operative Conference in Bombay.

Mr. Otto Rothfeld, Registrar of Co-operative Societies in the Bombay Presidency, announces that at the next Provincial Conference in September it is proposed not to have any formal papers read but after the Presidential address which His Excellency the Governor of Bombay will probably consent to deliver and after a summary of the year's work and urgent problems by the Registrar to go at once to Committee work on definite questions.

The questions which the Registrar contemplates referring to the Committee of the Conference are the following:—

- 1. Whether it would be desirable to have a Co-operative Board (mainly elected but partly nominated) to work with the Registrar.
- 2. The system of finance, with special reference to (a) the introduction of cheques and discounting business, (b) increase of share-capital of District Banks (c) organization of further Urban Banks and (d) the need of a Producers' Bank.
- 3. The finance of Cotton Sale Societies with special reference to the condition of compulsory sale through such societies imposed by some credit societies on their members.
- 4. Whether Government should be moved to make a rule prohibiting the acceptance of non-members as sureties for loans in credit societies.
- 5. The recommendation of the special committee appointed by last year's Conference in regard to Audit.

- 6. The desirability of having a united service of trained managers.
  - 7. What organization is required in Bombay City.
- 8. What organization is required to promote the Consumers' and producers' branches of the movement.
- 9. Whether Taluka Development Committees should be introduced and extended and if so what their constitution should be.
- 10. The reconstruction of the Consumers' Wholesale\_Society.
- 11. Recommendations to meet the needs of Building Societies and provide for their rapid and successful extension.

It is proposed that short and more or less informal notes on these subjects should be proposed by co-operators interested in any of the subjects to form a basis for discussion in the Sub-Committees.

The Registrar will also be glad to add any other subjects of practical importance suggested by the Co-operative Institute.

The Secretary of the Co-operative Institute and any of the other gentlemen to whom this circular is forwarded should kindly suggest writers of notes. The Registrar will be very grateful to gentlemen who will volunteer to write such notes. The notes must reach the Registrar not later than the third week in August, so as to allow time for their being printed and ready for distribution before the Conference.

The Registrar will prepare notes on subjects 1, 2 and 9, and his Personal Assistant on subject 3, while the official correspondence in regard to 4 and 6 will be placed before the Sub-Committee. But on these subjects as on others, notes from other gentlemen interested will be anxiously awaited.

# **CO-OPERATIVE FINANCE IN MADRAS**

I. The following notes on the financing arrangements of Cooperative Banks in the Madras Presidency have been issued by the Publicity Board:—

A primary co-operative society on unlimited liability basis is usually empowered to borrow money to the extent of one-eighth of the net assets of the members of such society, while a primary society on limited liability basis is empowered to borrow to the extent of 5 to 8 times the paid-up share capital of the society. borrowing may be in the shape of local deposits or as loans from As deposits do not come into primary societies as central banks. freely as one would wish, central banks were started with the object of raising the credit required by the primary societies in the These central banks are limited liability institutions whose sole object is to finance co-operative societies. These institutions get money by deposits tenable for a period of one to three years and they are lending the money to co-operative societies ranging from a period of one to a period of ten years. arrangements can be satisfactorily kept up only when there is a free flow of deposits far in excess of the outflow. To obviate the difficulties which the central banks way feel is returning deposits on the due dates of maturity, the help of the Madras Bank was availed of and it has been generous enough to give overdrafts to well established central banks with proper management and with a back ground of a large amount of paid-up share capital.

The Madras Provincial Co-operative Bank is a federation of various Central Banks in the Presidency and it is intended to connect the co-operative movement with the larger money market in the Presidency town. In view of helping the Provincial Bank to take deposits for shorter periods and lending them to district banks for much longer periods, the Madras Bank has been generous enough to allot a very large amount as overdraft to be drawn upon by the Provincial Bank in times of emergency. Besides, these

institutions which conduct banking by deposits have been allowed the privilege of keeping fluid resources in the shape of an undrawn overdraft with the Bank of Madras. The Madras Bank has allowed overdrafts to various district banks in the Presidency and the Madras Provincial Bank as shown in the statement appended. Thus it will be seen that the co-operative movement and the financing banks have benefited considerably by the arrangement of an overdraft with the Madras Bank. In fact, the period of financial stringency experienced during the months of January to June 1920, was surmounted by the help of this overdraft.

| Name of Bank.                              |                 | Amount o    | Amount of overdraft allowed. |        |         |  |
|--------------------------------------------|-----------------|-------------|------------------------------|--------|---------|--|
|                                            |                 |             |                              | Rs.    |         |  |
| Madras Centi                               |                 |             | 12                           | lakhs. |         |  |
| Salem District Bank                        |                 |             |                              | 1 1/2  | laklıs. |  |
| Christian Cer                              | •••             |             | 25,000                       |        |         |  |
| Kistna Distri                              | ·               |             | 1                            | lakhs. |         |  |
| North Arcot                                | District Bankir | ig Union    | •••                          | 2 1/2  | lakhs.  |  |
| Nellore                                    | do.             | •••         | •••                          | 10,000 |         |  |
| Anantapur                                  | do.             | •••         |                              | 50,000 |         |  |
| Malabar                                    | đo.             | <b>,</b>    |                              | 50,000 |         |  |
| Vizagapatam                                | do.             | •••         |                              | 30,000 |         |  |
| Chingleput                                 | do.             | •••         | • • •                        | 1      | lakhs.  |  |
| Madura-Rami                                | nad             | •••         | •••                          | 1      | lakhs.  |  |
| Tanjore District Central Co-operative Bank |                 |             |                              | 1      | lakhs.  |  |
| Viziavad                                   | do. Ba          | inking Unio | n                            | 10,000 |         |  |
| Ellore                                     | do.             | •••         | •••                          | 10,000 |         |  |
| South Arcot District Co-operative Banking  |                 |             |                              |        |         |  |
| Union                                      | •••             | •••         |                              | 30,000 |         |  |
| Trichinopoly District Urban Bank           |                 |             |                              | 2      | lakhs.  |  |
| Coimbátore                                 | •••             | •••         | •••                          | 2      | lakhs   |  |
|                                            |                 |             |                              |        |         |  |

II. There is and has been a considerable stringency in the money market. The flotation of a large number of industrial companies and the requirements of trade, increased by the rise of prices, have absorbed a large amount of money, largely in the shape of share capital. These demands, offering attractive rates of interest or

high expectations of profit, have diverted the funds which would otherwise be available for the co-operative movement, which in consequence is hampered by the scarcity of money. general dearth of available capital the Madras Bank and Nidhis and private companies and individuals have raised the rates of interest paid to depositors and charged to borrowers. circumstances, in order that a larger volume of money may come into the co-operative banks, it is proposed that more attractive rates of interest shall be offered by them to the depositors. The Madras Central Urban-Bank has accordingly suggested that its rate of interest on deposits shall be raised to 61/2 per cent, and its rate on loans to Central Banks to 71/2 per cent, and that the corresponding rate of interest on loans by Central Banks to Primary Societies shall be  $8\frac{1}{2}$  per cent, and that on loans by primary societies to members Rs. 10-15-0 per cent. This proposed increase in the rate of interest on loans by the Provincial Banks to Central Banks, by Central Banks to Primary Societies and by Primary Societies to Members will not apply to past transactions; and it is to be anticipated that the increased rates will be reduced when greater case in the money market admits of getting money at cheaper rates.

The Government have agreed to the above suggestion and have advised the Registrar of Co-operative Societies to register the necessary amendments to the bye-laws accordingly.

# CO-OPERATION AND THE COMING ELECTIONS

In the new number, just issued, of the Bengal, Bihar and Orissa Co-operative Journal there is a very timely note by Sir Devaprasad Sarvadhikary on the part which the Co-operative movement is to play in the Reformed régime. He holds that the great bulk of the people will undoubtedly make a "sustained, good, and honest try" to help on the reforms, but he expresses surprise that Co-operation ("with a big C") has not figured prominently in published programmes or speeches. Sanitation, education, industries, temperance, and co-operation should and will long be, in Sir Devaprasad Sarvadhikary's opinion, the main planks of all political platforms. We want, as he says, to "build up the people, their resources, and their stability;" and he regrets to find that "higher politics," as they are called, have absorbed much of the attention of future legislators to the detriment and exclusion of the subjects indicated. Co-operation will be one of the transferred subjects. Sir Devaprasad regards it in its various aspects—agricultural, industrial, and distributive—as the great lever of national progress; and, if it be handled properly by the Minister of the future, he looks forward to the achievement of wonders in many directions. Hitherto he considers that too much attention has been paid to the credit side of the movement; and he suggests that the time has come for directing attention to the development of other branches, such as co-operative purchase and sale, co-operative stores, industrial societies, or housing. He points out that the Co-operative Societies have not been given any special representation, probably because it was thought that co-operation has no politics-"it offers a platform on which Hindus and Mahomedans, Bengalis and Britons, traders and educationists; in fact, all classes, castes, and creeds are supposed to work hand in hand for the moral and material uplift of the people." It is to be hoped that the lead thus given by Sir Devaprasad Sarvadhikary will be zealously followed by all who have appreciated the substantial and direct benefits which Co-operation secures for the people. - Statesman.

## CO-OPERATION ABROAD

Principles of Co-operative marketing as illustrated by California experience.

(From the International Review of Agricultural Economics.)

Rome, June, 1920.

## 1. Fundamental Principles of Co-operative Marketing.

Principles of Co-operative marketing as illustrated by California experience.

From the International Review of Agricultural Economics. Rome,

1. Fundamental Principles of Co-operative Marketing.

The author formulates eleven fundamental principles on compliance with which depends the success of co-operative marketing, as illustrated by Californian experience.

Organization for marketing purposes can be most readily effected when conditions in an industry are such that the need of improvement is quite generally apparent to those engaged in the industry.—Prices below the cost of production, frequent "red ink" returns in the case of perishable products, accumulation of unsold products, depreciation of property values, and threatend financial disaster have been the conditions prevalent in the California citrus fruit, deciduous fruit, raisin, almond, and cantaloupe growers' industries prior to the organization of co-operative marketing. For instance, in the citrus industry conditions had become so bad that in 1893-1894 about half the shipments of the season resulted in "red ink" and many of the growers actually had to pay money, in addition to their entire crops of fruit, for the privilege of marketing them. As a result of the failure of speculative shippers to sell the year's crop at a fair price a convention of growers assembled in Los Angeles on 4 April, 1893, resulting in the organization of the California Fruit Growers' Exchange, through which

the growers proceeded to take the marketing of their fruit into their own hands. Similar conditions in the deciduous fresh fruit industry led to the formation in 1900 of the California Fresh Fruit Exchange (afterwards known as the California Fruit Exchange). In 1898 the Raising Growers' Association had been organized as the result of conditions which had forced the price of raising below cost of production so that in 1897, in Fresno Country alone, 20,000 acres of vineyards were uprooted and farmers fed raisins to their horses.

- 2. Unless at the time of organization the conditions in the industry are so unsatisfactory that striking improvements are possible early in the life of the organization, the organization itself is likely to die from inertia or succumb to attacks from outside interests.—Growers who resort to co-operative methods for the marketing of their products are almost sure to meet with bitter, and often unscrupulous, opposition from those interests which previously handled the product to their own advantage. In the face of such opposition success can only be achieved by unstinted thought and effort devoted to the affairs of the co-operative organization, which can only be expected when previous conditions were such that striking benefits may be expected from the co-operative effort.
- There must be a sufficient volume of one product or closely allied products represented by the membership of a local organization to enable shipments to be made in carload lots and to effect a sufficient aggregate saving in the cost of marketing to more than counter-balance the expense of operation.—The principal volume of California's horticultural products must be placed on distant markets, and carload shipments are essential because of the wide difference in freight rates on carloads and less than carloads. be successful, the loading of a car of perishable fruits must be effected at the point where shipment originates. It is therefore quite essential that a local association be able to ship its produce in carloads lots. The volume of business transacted should also be sufficiently large to permit the economical employment of labour in handling the product and loading the cars, and to prevent the saving from other quarters from being absorbed by overhead expenses. This means that the volume of business must be such

as fully to employ the time and energy of the salaried officers. Experience has shown that co-operative marketing cannot be successfully conducted, at least during the shipping season, without one responsible officer devoting his entire time to the business. The President of the California Fruit Exchange has given it as his opinion that in the case of deciduous fresh fruits a local organization has little chance of success if its output is less than thirty carloads during a season, and Mr. Harold G. Powell, Manager of the California Fruit Growers' Exchange, considers that in the case of citrus fruits it is not practical to organize an association and build a packing house unless there are at least 150 cars of fruit to ship.

4. The organization must be composed of persons whose interests are similar. Membership in a growers' organization should usually be limited to actual growers of the crop to be marketed. Experience shows that this is fundamental. Not only should each growers' co-operative marketing organization handle only one product or a few closely allied products, but each unit of organization should be composed of persons living within a limited area. The quality and finish of a product is more likely to be kept up to a certain standard if the growers live in the same community. The concentration of orange growing in certain regions has been one of the facts which has contributed to the success of the California Fruit Growers' Exchange.

Attempts hitherto made to combine in one organization the interests of growers and commercial packers or dealers have demonstrated the incompatibility of such an arrangement. A case in point which clearly illustrates this, is that of the California Fruit Agency, a sincere yet unsuccessful attempt to combine growers and shippers into one organization for the benefit of the entire citrus industry. In April 1903, when the citrus fruit markets of the country were completely demoralized by the presence of large supplies of oranges showing excessive decay, following a period of wet weather and the various shippers were each acting alone in their efforts to find markets, Mr. G. W. Felts, member of a commercial shipping firm, thought that the logical way of handling the citrus or crop was to have all interests united and tried to bring about such a union. At that time a group of

packers was supposed to control 42 per cent. of the crop, and the Southern California Fruit Exchange was credited with controlling 47 per cent. Mr. Felts sought to bring together these interests representing practically 90 per cent. of the crop. that time the independent packers were fighting the Exchange for all they were worth. Nevertheless, Mr. Felts was successful in securing a promise from the Exchange that if all the independent packers would join the proposed movement, the Exchange would do likewise. He then succeeded in getting the packers to unite in the California Citrus Union and the California Fruit Agency thus consisted of this Union on the one hand, and of the California Fruit Exchange on the other. Southern stated at that time "the primary object of the new venture is to eliminate runious competition to prevent glutted market and provide equal distribution of the output throughout the United States" Mr. Lloyd says: "For a time it looked as though the California Fruit Agency were the solution of all the marketing problems pertaining to citrus fruits. When it started business on 1st April, 1903, the Agency took over some 1800 cars, of fruit en route and on tract unsold, at a time when all markets were congested, demoralized and in deplorable condition, and the situation altogether disheartening. Within a short time the congested condition of the markets was relieved and the situation entirely changed. Wider distribution of the crop was secured than previously, for agents were shifted to new points without additional expense to the industry, for previously both the Exchange and some independents had maintained representatives in the same market. Thus the former agents of both maintained now by the Agency, were able to cover a larger number of markets. Shipments during the month of May were 50% greater than during the same period in any previous season, although the fruit ran to large sizes and did not have good carrying qualities." Yet, inspite of this apparent success, the life of this hybrid Agency was destined to be a short one. A provision in the agreement between the Exchange and the packers which prohibited any increase in the membership of the Exchange and except under certain regulations, or with the consent of the Agency, was particularly distasteful to the growers. The aim

of this provision had been to insure that sufficient fruit would always be left outside the Exchange to provide material for the operation of the independent packers. As a result of the divergent interests represented, and of the consequent jealousies and grievances, on 20th May, 1904, at a meeting of the Board of Directors of the California Fruit Agency, it was decided that: "As this organization has not received the general approval and earnest support of the growers necessary to complete and permanent success we deem it advisable to discontinue business on 1st September next.

Similar failure attended like attempts to combine the interests of commercial packers and growers in the Fruit Growers' and shippers' Associations, in the California Raisin Growers' and 'packers Company, and in the Brawley Cantaloupe Growers' Association.

- 5. Definite provision must be made for financing the business of the organization.—With this end in view, various means of securing funds have been employed. In the citrus industry, the local associations have been organized as joint-stock companies in which each member is required to purchase a certain amount of stock for each acre of his orchard. But this has had to be supplemented to meet initial expenses by securing a loan from the local bank, so that success or failure has been largely dependent on the attitude of these banks to co-operative enterprize. Extreme difficulty has been encountered in arranging for short time loans needed to defray operating expenses before returns from the sale of products become available. "Experience shows," says Mr. Lloyd, that "if sufficient funds to finance a given organization can not be secured from subscriptions of growers on the basis of acreage or volume of produce, or borrowed from banks and the issuing of shares of stock on other than an acreage of volume basis becomes necessary the sale of such stock should be limited to growers of the product to be marketed the stock should be transferable only to growers, and the amount of stock which may be owned by an individual firm should be limited."
- 6. Benefits accruing from membership in the organization should be distributed among the members in proportion to the value of the products handled for each.—When stock in a growers'

co-operative marketing association has been purchased by members in proportion to their respective acreages or volume of products, it makes little difference whether profits are distributed on the basis of the holding of each member in shares of capital stock or on the basis of the volume or value of products handled for each; till even then, it is preferable to make such distribution on the basis of the value of the products handled, as this encourages not only the production of higher yield but also of high grade of products. When the capital stock is held in amounts disproportionate to acreage it is best to limit the dividend paid on capital stock to a reasonable rate of interest on paid up capital, to set aside a limited amount as a reserve fund, and to divide the remainder in proportion to the value of the products handled for each member. case of organization without capital stock, operated on the nonprofit plan it is usual to estimate expenses as closely as possible and for the organization to retain a sufficient amount per package or pound to create a revenue to cover all expenses. At the end of the season, any excess over costs which may have been charged to members is returned to them in proportion to the number of packages or pounds handled for each. The charge for marketing should be levied on each package or pound and not according to value of products as the cost of marketing low grade products is as high as that of marketing high grade.

Some organizations, like the Sebastapool Apple Growers' Union, though having capital stock, operate on a non-profit basis but give the growers the direct benefit of the further reduction in the cost of marketing thus afforded.

- 7. In a properly constituted growers' co-operative marketing organization it makes little difference whether the voting power is based upon individuals, volume of product, or shares of stock.— The most desirable form or organization is that in which shares of stock, if any, are held by the growers in proportion to their acreage or volume of product. A vote based on such shares of stock is essentially the same as a vote based on volume of product.
- 8. For the purpose of marketing the product of a large horticultural industry, an affiliation of local organizations is preferable to a single large organization made up directly of individual growers. In such an affiliation, the identity of each local should

be preserved and its interests fully represented in the central organization.—While it is desirable that the area covered by local organizations be limited so as to ensure mutual knowledge and confidence between members, marketing is more economical and the distribution of the product more comprehensive if a general plan is followed by the grower of the same product in several To secure this purpose, experience shows that the members of the various locals should be represented on a central organization, which should meet at fairly frequently intervals. Varying methods have been followed by the several California producers' organizations to secure representation of all the locals on the central without making that body so numerous as to be cumbersome. In the California Fruit Exchange "each growers" organization—not represented on the Board of shall be entitled to select from its membership one to sit with this Board at all its sessions, to be known as Associate Director, and enjoy all the privileges of a Director except in voting." Similar methods, though differing in detail. are followed by the Almond Growers' and the California Fruit Growers' Exchange. On the other hand, the raisin growing industry has followed the plan of having one large organization made up directly of individual growers, who have no voice whatever in the affairs of the organization except at long intervals. stockholders elect twenty five trustees, five each from five districts, who remain in office for a period of seven years, and the stockholders, including the growers, have no further voice in the affairs of the organization till the close of that seven year period. plan, which has so far worked successfully in the raisin industry, has been followed by the Peach Growers and by the Prune and Apricot Growers.

9. Each organization must possess a degree of administrative ability and business acumen commensurate with the volume of the business to be transacted and the intricacy of the problems to be solved.—Experience has shown that, in respect of this important fundamental co-operative marketing enterprizes which develop as the result of initiative on the part of the growers themselves have the advantage over those resulting from the efforts of a professional organizer from the outside, for the former will

possess among their membership the organizing ability requisite But these members, being growers, will, as a rule, be unable to devote more than a fraction of their time to the affairs of the organization; much will therefore depend on the selection of a manager; and the poorest economy which an organization can make is that of securing a cheap manager. For this position specific training in the handling of a given commodity is found to be of less importance than knowledge of men and of marketing methods and trade conditions in general. Experience as sales' managers in the eastern fruit markets has been found to be exceptionally good training for the manager of a California growers' marketing association, and the California Fruit Growers' Exchange is training in its eastern offices a crops of assistants who are becoming thoroughly familiar with trade conditions in the leading markets and are being advanced to positions as sales' managers in the smaller markets as their ability becomes recognized and opportunity offers.

The details of handling, selling and distributing the crop must be adapted to the nature and volume of the products.—Thus, while for some products, such as beans, almonds, dried raisins, prunes or citrus fruits, the association can do the packing at considerably less expense than could an individual grower, with other products, such as berries melons, and those deciduous fresh fruits which are shipped most extensively during hot weather, and which deteriorate rapidly, association packing is impracticable because of the delay it would entail in getting the product from the field to Similarly, local associations handling a relatively small product can have it handled through brokers located in various markets, at less expense than would be entailed in maintaining agents of their own; whereas a large marketing organization, like the California Fruit Growers' Exchange, which, in 1916 handled 30,000 carloads of fruit, can maintain its own sales' offices manned by salaried employees working under its own instructions in all the leading markets where its business amounts to 100 carloads of fruit or more per year. Again, in the case of such commodities as walnuts and almonds, for which the wholesale demand is limited to a very short season, the Growers' Associations have wisely elicited the services of brokers. All this shows that the California growers' co-operative marketing organizations have fully recognized the importance of employing methods of sale and distribution adapted to the nature and volume of their respective products.

Loyalty of individual members and mutual confidence II. among all factors in the organization are absolutely essential to the permanent success of any co-operative enterprize.—This is the outstanding feature of all success in co-operative effort, and its importance has been fully recognized by co-operative marketing organizations in California. Personal contract between growers and local managers, and between these and the members of the field department have been carefully cultivated. Efforts are made to induce growers to attend the annual stockholders' meetings. The California Fruit Growers' Exchange keeps its 8000 members in personal touch with the activities of the organization as a whole, and makes its representatives in the eastern markets realize their function as parts of one great organization working to achieve the best possible distribution of the California citrus fruit crop, and to this is attributed its present efficiency in the marketing of this product.

## 2. Advantages of Co-operative Marketing.

Now that we have examined the fundamental principles of co-operative marketing let us glance at its advantages. Mr. Lloyd classifies them under five heads:

- (1) reduction of the cost of marketing;
- (2) improvement in the distribution of the product;
- (3) increased demand for the product;
- (4) standardization;
- (5) protection of the individual grower.

The cost of marketing includes packing house charges, transportation and brokerage, commission or other form of compensation for doing the selling. The reduction in the cost of packing realized by the orange growers through co-operative action is striking. A circular issued by the California Fruit Growers' Exchange in 1911 states; "A brief review or comparison of con-

ditions as they existed just prior to the formation of the Exchange and as they exist to day is interesting. Then, the cost of packing a box of oranges and putting it upon the car was between 40 and 50 cents. Now the same service, better done, costs on the average 30 cents. This is the result of the elimination of profits formerly accruing under a system of commercial packing, and the purchase of box material and other packing house supplies in enormous quantities for the entire Exchange system, and their distribution to the various associations at actual cost.

Great economies were also effected in the cost of selling when the orange growers took the business into their own hands. The usual commission charge was 10 per cent. which fell, under cooperative management, to about 4 per cent. effecting in 1895 a saving of a full 150,000 dollars for the growers; and the Annual Reports of the present General Manager, G. Harold Powell, show that the cost of selling citrus fruits through the California Fruit Growers' Exchange from 1912 to 1916, has been less than 3 per cent. on the gross sales, inclusive of outlay for maintaining a comprehensive advertizing campaign each season.

The California Fruit Growers' Exchange also took the lead in securing reductions in freight rates and refrigeration charges on California citrus fruits. The orange freight rate was reduced 7 cents per box, and the lemon freight rate 21 cents per box, equivalent, on the basis of the 1911 output to an annual saving of over 17,00,000 dollars. These savings have benefited the entire industry and not only the members of the Exchange.

The Traffic Department of the California Fruit Growers' Exchange by a thorough system of auditing has greatly reduced losses due to freight overcharges or damages in transit. In 1916 the Exchange secured for its members from the railways the payment of claims for pilferage, overcharge, loss, or damage in transit amounting to 111, 557, 31 dollars which it returned to the shippers. The system of conducting business on a cash basis through personal representatives in all the leading markets has reduced loss from bad debts to a minimum. In 1916 the growers belonging to the Exchange lost only 102,73 dollars from such causes.

Before the formation of Growers' Co-operative Marketing Organizations California found it difficult to dispose of her fruit

crops to advantage when the total annual shipment of oranges, for example was only about 4000 cars. The returns to growers were so low that the cry of over production was set up, and in some cases large areas of fruit plantations were uprooted because they were netting the growers less than the cost of production. was especially true of the raisin and almond growers. trouble was due not to over production but to defective marketing. Business was confined by the shipping firms to a few large cities and no attempt made to develop smaller markets. operative methods the shipping season has been extended and the customs of consumers are being changed by the efforts of the marketing organizations. Lemons and oranges are now shipped from California the whole year round, as the result of a careful thought of our advertising campaign which has educated the public up to the winter uses of lemons and the summer uses of oranges. Markets formerly dependent on reshipments from Eastern cities, are now supplied direct by the California Growers, and the smaller cities are centres from which the fruit is distributed to the surrounding villages. Persistent efforts on the part of the co-operative organizations have induced the railroads to improve their transportation and refrigeration service, and a stage has now been reached in which the railroad companies recognize that they and the fruit growers have mutual and not antagonistic interests.

While the population of the United States increased 20.7 per cent. from 1890 to 1900, the shipments of citrus fruit increased 195 per cent. during the same period. From 1900 to 1910 the population increased 21 per cent. and citrus fruit shipments 292 per cent. Foreign markets, particularly Canadian markets, have been developed to help and take care of this increased production; but above all the prosperity of the citrus fruit industry is due to the educational advertizing campaign carried on systematically by the California Fruit Growers' Exchange, which has resulted in largely increasing the fruit eating habit among the people; thus increasing the per capital consumption of fruits.

Besides direct advertizing, the Exchange has a large Dealer Service Department, which is constantly studying retail and wholesale conditions affecting the sale of citrus fruit, and applying facts, thus developed, in connecting the advertizing directly with the fruit trade. Merchants are shown how to make attractive fruit displays, how to sell a larger volume of oranges and lemons, how to do a more profitable business on a lower margin, how to keep fruit fresh, minimize waste, and take advantage of the national advertizing. This service involved in 1916 more than fifteen thousand personal calls on retail fruit merchants.

The example set by the California Fruit Grower's Exchange in advertizing has been followed by the California Associated Raisin Company, which spent 117, 452 dollars on advertizing in 1914, equivalent to 1.64 per ton of raisin sold. This was looked upon as a very good investment as it increased the sales of seeded raisins to bakers from 750 tons in 1914 to 7,300 tons in 1915. The California Walnut Growers and the California Almond Growers' Association have also resorted extensively to advertizing.

Successful advertizing depends on the standardization of the product and this, in the case of fruits, can only be secured by concerted effort on the part of those who supervize the preparation of the product for market. In California this standardization of products has preceded rather than followed legislative enactments made with this end in view, and a much more rigid standard can be maintained by co-operative organizations of growers than could be enforced by government officials.

The citrus fruit growers have adopted a box of a definite size and shape for packing oranges and another for lemons, and all members of the organization are required to use these in packing their fruit. Grades have been established, and members of the Field Department visit the Exchange packing-houses every few days to promote as great uniformity as possible in grading and packing throughout the 162 local associations.

Similar action has been taken by the California Almond Growers' Exchange, by the California Associated Raisin Company, by the Sebastopol Apple Grower's Union, and as far as the nature of the product, cantaloupes, permits, by the Turlock Merchants and Growers.

So long as the individual growers sold their crops directly to speculative buyers, or had them handled by shipping firms on a so-called commission basis, they were open to exploitation on the part of the buyer or shipper, and if they consigned their fruit to

a distant market they had to accept whatever the distant dealer saw fit to send. All this has been changed in California by cooperative effort. At relatively slight expense per member or per unit of fruit handled, a large organization can secure a thorough knowledge of the markets and maintain during the marketing season a thoroughly organized telegraphic service that will enable it to know the exact condition of each market every day. distribution can be rationally organized and the salaried agents of the co-operative organization on the several markets know that their compensation does not depend upon the number of cars sold in a given market but upon their ability to assist intelligently in that distribution of the product which will yield to the growers the highest average returns. Moreover all the fruit of the same grade contributed by the different growers in a given local association during the same period is pooled, and each grower receives for his fruit the average net returns for the period; thus loss, resulting from deterioration in transit, is reduced to a minimum for the individual concerned

## 3. Relations of Growers' Co-operative Marketing Organizations. To Control of production, Distribution, and prices.

After this survey of the fundamental principles of co-operative marketing and of its advantages, Mr. Lloyd briefly enquires into the relation of such organizations as he has described to the control of production, distribution and prices. None of the growers' co-operative organizations in California have provisions for limiting acreage or for exercizing control over the amount of land to be planted to a given crop. Their success in marketing their members' produce has led to an increase of acreage, and the policy of the co-operative marketing organization has been to welcome this increase. Their function is to promote rather than to restrict production, and to make increase production profitable by increase efficiency in marketing. The plan adopted by the marketing organization hitherto is to accept all acreage offered to secure as careful an estimate as possible of the probable yield, and to plan the marketing campaign accordingly.

While marketing is faciliated by co-operation, a grower who joins a marketing organization does not and should not relinquish

his right as an individual to determine the acreage he will plant and the special efforts he will exert to secure as large a yield as possible.

Who should determine the methods to be employed in disposing of the crop? The final authority in this matter rests with the individual growers; the central body, in case of large marketing organizations, may suggest radical steps to be taken, but no power except a majority vote of the membership of a given local should bind that local to adopt new or unusual methods in the disposal of its crop. The central body should have the power to advize, not to dicate, changes of policy to meet new conditions from time to time.

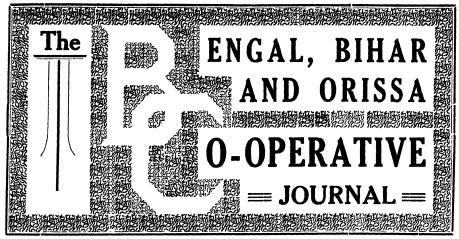
What special method of disposal of the product may be resorted to in case of sudden increase of production? When, in spite of all efforts to extend the market it is found impossible to maintain the due relation between supply and demand, the growers' organization—unless it is to be considered as actuated primarily by philanthropic motives—has only one logical course to pursue and that is to grade the fruit more rigidly than ordinarily and to ship to distant markets only such grades as have a reasonable prospect of selling at a price sufficiently high to return to the grower some net proceeds.

What should be done with the lower grades of fruit? In the first place, all local markets should be kept supplied to their full capacity at low prices; secondly, shipments of fruit should be made in boxes, without packing, to markets near enough to be reached without refrigeration; thirdly, the growers should find an outlet for their fruit other than in the fresh state, such as canneries. The above remarks apply principally to products of a perishable nature. In the case of relatively non-perishable products such as raisins and dried peaches, there should be no reason for allowing any of the product to go to waste.

Fruits are looked upon mainly as luxuries rather than as staples. Therefore relatively small changes in price are likely to be accompanied by comparatively large changes in amounts taken. It would therefore be impossible for a growers' co-operative marketing organization, even if it controlled the entire supply of a given fruit product, to sell its output at an arbitrary price, fixed without reference to the available supply as compared to the

demand in the markets. Organization has enabled the growers to shift their market one step nearer to the consumer, and to obtain some voice in deciding the price at which they will sell their product but the very nature of these products makes it impossible for them to exact prices unwarranted; by the relation of the supply to the demand. Co-operative marketing organizations of growers are not regarded as combinations in restraint of trade; they promote rather than restrict trade; and their influence has been on the side of reducing rather than increasing the cost to the ultimate consumer.





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#### NOTES AND NEWS

Before the next issue of the Journal appears the vast constitutional changes will have come into effect and the Co-operative Department will have become a transferred subject under the administration of a popular Minister. We hope that every member of the new Legislative Council will be a Member for Co-operation and will interest himself in the sound and progressive development of the movement in diverse fruitful channels. On the Minister—whoever he may be—will rest the great responsibility of controlling a movement fraught with vast possibilities for good to the country: we hope he will extend his patronage to the B. C. O. Society and help it in fulfilling its great object of the advancement of the Co-operative Movement in Bengal.

We welcome Mr. J. T. Donovan back to our midst; we hope he will infuse new life into the Co-operative Movement in the Province and will so direct it that the sympathy and support of the non-official public of Bengal may be more widely enlisted in its favour. The Annual Report of the Co-operative Department in Bengal should soon be obtainable. We believe we are right in anticipating that it will be a record of successful development.

It is likely that the eleventh session of the Bengal Provincial Co-operative Conference will be held early next year in Calcutta.

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Considerable interest and concern have been excited in the fishing industry in Great Britain by the creation of a new Co-operative Society. The Government has taken a considerable part in its establishment; its Committee of Management includes a representative of the Admiralty and Mr. J. R. Clynes is the first chairman. The idea was mooted several years ago when the Empire Resources Committee drew attention to the immense wealth of food the seas possessed, to the effect that a cheap supply of fish would have on the cost of living and to the existence of hundreds of mine-sweepers which could be utilised as trawlers on the restoration of peace. emphasised that a large increase in the fishing fleet must be accompanied by more efficient arrangements for the transport and marketing of the produce. The Admiralty has now given practical effect to the suggestions then made. It has sold to the Co-operative Society some 200 vessels on terms that are admittedly advantageous; it is also charging only 5 per cent. on the balance of the purchase money. These favourable terms it justifies on the ground that they represent but a slight reward to the men who kept England fed during the war and few will disagree with the justification, Membership of the Society is not, however, confined to ex-service men, and this has given private interests an opportunity of attacking the scheme as an instance of ill-advised spoon feeding.

Mr. C. F. Strickland, I.C.S., has an article in the Bombay Co-operative Quarterly on Weavers' Co-operative Societies in the Punjab. According to him—

"The most widely distributed cottage industry of the Punjab is that of weaving, and the weavers' community was recorded as

numbering 6,35.000 at the last census; a certain number of Chamars and low caste Hindus and Sikhs also practise the art. They are being rapidly ousted from the town markets by the product of large mills, and competition is following every new means of transport into the remoter villages. The peasant, whose father was content with home-spun cloth, now buys English or Indian long-cloth at war prices. In order to hold his own, the cottage worker must secure the advantages of (1) whole-sale buying of raw materials, (2) a standardized product which can be advertised and can be sold without inspection, (3) and improved methods of production. These should be the object of co-operative societies for weavers."

After four years of work with the weavers' societies of the Punjab, Mr. Strickland feels that

"It would be unwise to prophesy whether the cottage worker can finally be saved or not. If it be possible, it is possible through co-operation alone. No doubt can be entertained by the observer of social conditions that the cottage-worker is, on the whole, happier, healthier, and a better citizen, than the manual labourer of a factory. The effort to save him may fail, but it is worth making."

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In our last number we traced the success of co-operation in tackling the industrial problems of a great city like New York. We have seen how experiments on co-operative lines are being conducted to relieve the congestion in the industrial quarters of that city; to secure the survival of the small retailer in the face of the growth of massive retail trade and chain stores; and to give to the small manufacturers the same facilitise in the matter of transportation that the giant businesses enjoy. In a word we found co-operation striving to influence industrial localisation in great cities and to check the movement towards great fusions in manufacturing and retail trade. In the present issue we shall notice another set of experiments illustrating equally well the triumphs of co-operation. Peasant Co-operation in Roumania has succeeded in raising a downtrodden race of cultivators to striking heights of prosperity; has

endowed a poverty-stricken lot of labourer with the ownership of broad lands; and has restored plenty to a land which was very recently ravaged by the armies of Germany and Austria. In all their aspects the achievements of co-operation glow with the colours of romance.

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In a recent contribution of great interest Prof. Knight of Hunter College tells us how through co-operation the peasants of Roumania were enabled to acquire pastures and to acquire lands which only a decade ago were the monopoly of great landlords. Through the help of the rural banks every hamlet in the country has been enabled to purchase from the great proprietors and to own a communal pasture. In five years the aggregate value of the pastures thus purchased amounted to 15,10,00,000 francs. a mightier task lay before the peasants of Roumania. groaned under a "farming" or "speculator" system under which the great absentee landlords let out their lands to middlemen who made enormous profits by sub-letting them on the rack-rent principle to poor peasants. This system combined the evils of absentee-landlordism and of a regime of grasping middlemen. About 1905, however, the peasants conbined themselves into cooperative "land-leasing associations" and successfully competed with the middlemen-speculators for obtaining leases of these In many cases they undertook to bid fifty and even a hundred per cent. more than the rent offered by the middlemen and yet they made a large profit over the bargain. They prospered; for their energies were braced by the spirit of co-operation. The co-operative associations went to work in the right way; they hired agricultural experts to settle technical questions such as the rotation of crops, chosed of seed, purchase of the common breeding-stock and the like. The result is that the average yield of the land has been nearly doubled since the peasants took it over.

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Peoples' banks began to be started in Roumania in the year 1894-95. In this task "the peasants were aided by the village school-masters and priests and the work of study, comparison

and correlation of results was enthusiastically taken up by the group of intellectual liberals." In 1897 there were two of these banks; by 1900 there were eighty and by 1903 we find seven hundred. The organization deserves a study, now that we are preparing to multiply peoples' banks, in their proper sense, in India. Over the member banks appear the "regrosial popular banks" which arrange for loans from one local bank to another serve as intermediaries between the member banks and the Central Urban Bank which stands at the head of these movement. 1013 this Central Bank extended credits of ten million francs to the member banks and held deposits from them amounting to twenty-six million francs—the excess of deposits over credits showing how completely the banks stood upon their own feet. Thus in Roumania the system of Urban Banks has a set of Central Banks ad hoc to serve them—which reminds us of a suggestion of the sort in the article on "Urban Banks" in Mr. Ewbank's "Indian Co-operative Studies". What we have been reading about the Roumanian Movement also suggests that greater use could be made of the services of the village schoolmaster in the Co-operative Organization. It is also to be devoutly hoped that our "groups of intellectual liberals" took as keen an interest in the progress of Co-operation in India as the Roumanian intellectuals have done in that country. However, that day is not yet.

We shall close our review of the great things done by cooperation in Roumania by noticing its work during war. It was very unlike the distant and glorious war which India has had the good fortune to wage recently. It was a war carried into the heart of Roumania with disaster following disaster and with all the hand maids of war-fire, famine and pestilence working their will on the unhappy land. It was then that co-operation exhibited its giant strength. For want of any other organization it undertook the task of rationing the land and carried it out most satisfactorily. It was also the distributing agency, through producers' and consumers' associations, of merchandise worth many millions of francs. As the war had stopped almost completely all capitalistic

enterprise and sperulative commerce in the villages the peasants had formed habits of getting along without middlemen and profitearning classes. Purchasers' and Producers' Associations have thus found a void which they are doing their best to fill—and with considerable success. His experience in the co-operation societies had given the Roumanian peasant confidence that he could exist very comfortably without the speculator. One more feature of co-operative success in Roumania well deserves a mention; it was the impenetrable wall which was presented to Bolshevism by the "The Russian Soviet" we are told Romanian co-operators. "was the material expression by a group of radical economists of the wishes and theories of town labourers. On the other hand the Roumanian co-operative was the material expression of the wishes and ideas of the peasants, the tillers of the soil in village and hamlet. The Roumanian co-operative had evolved more slowly, around the private ownership of land by the tillers as a definite ideal, and was willing to postpone fixing the details as to what sort of central government should ideally unite the smaller groups until these reached a more advanced stage in their evolution." The power of co-operation to battle with Bolshevism might be judged from the fact that the million Russian troops on the Roumanian front were zealous propagandists of the Soviets. "Their propaganda practically destroyed the morale of the Austro-Hungarian army and seriously impaired that of the German. Yet the Roumanian army never showed serious symptoms of collapse or disintegration. Whether in Russia or Hungary-and indeed wherever Bolshevist experiments have been tried, the town labourer has favoured Bolshevism while the peasant has remained deaf to the appeal. This shows that the real prophylactic for Bolshevist tendencies is to organize the peasants on co-operative lines. If this precaution is adopted generally, we might be sure that future of the world lies with Co-operation and not with Bolshevism.

## SOME ASPECTS OF CO-OPERATION IN BENGAL

I. Stores.—One of the most remarkable developments of co-operation in Bengal during the year ending on 30th June, 1920, is the increase in the number and turnover of co-operative stores. We are able through the courtesy of the Registrar to give some figures which prove how great this increase has been.

	No. of	f No. of	Share	Working	Goods	Profit.	Reserve
	stores	. members	. Capital	Capital.	sold.		Funds.
			paid up.				
1918-19	23	5,006	63,427	1,32,358	1,94,538	4,637	2,665
1919-20	72	13,726	2,48,235	7,19,765	12,60,130	40,902	7,749

The cause of this increase is not found in any special propaganda of the department, although, the officers of the department gave very great assistance in organization in those places where people demanded stores. The growth is, therefore, purely spontaneous. The high prices of the necessaries of life and the success attained by a few of the stores already in existence in checking profiteering and keeping prices down to limits which were not unjustifiably high—these are the cause of the great developments of this year.

It must not be assumed, of course, that all the new stores registered can be classed as successful. Some of them will probably prove bad failures. Some beginning well under the incentive of profiteering prices all round began to flag when the profiteers began to come to reason even though in some cases the change in the profiteers was brought about by the organization of the stores themselves. Other societies lost their enthusiasm very early and failed to maintain the effort necessary to success. In some cases the shareholders seemed to imagine that there was nothing to be done beyond taking shares and waiting for the magic word Co-operation to bring prices down with a rush and provide at the same time the highest dividend upon the shares. Certain societies even seemed to imagine that the department should not only help in organiza-

tion and arrange registration but should continue to run the business of the societies too. There were therefore many who were disappointed, but such disappointments are not to be regretted if they have produced clearer ideas in certain places as to what Co-operation really means.

Whenever a sustained effort was made and wherever the shareholders and the directors showed sufficient interest in the societies there have been records of successful working during the year. Noteworthy among the smaller ventures are the Dacca Farm Stores, Jamalpur Town Stores. Rajbari Town Stores, Bangabasi College Stores, the Barisal Officers' Stores and amongst the larger ventures the Sundarbans Stores and the Naogaon Cooperative Stores, Ltd. The latter is a society entirely independent of the Naogaon Ganja Cultivators' Co-operative Society, Limited. It has a membership probably approaching 4000 now. Bonafide agriculturists only are eligible as members. In the Sundarbans Society there are also about 3000 members, all cultivators.

There is no doubt about the general effect of these Stores. They have been very beneficial not only to their members but to the general public as they have prevented the exploitation of the public by profiteers in many places, and they are spreading ideas of co-operation amongst certain classes who hitherto had little more than an academic interest in the movement. It is to be hoped that they have come to stay and multiply. It is to be hoped too that the failures will not drag on and give a bad example and that they will be replaced by successful organisations. We are proud of the development which has brought sales up from about Rs. 84,000 in 1918 to Rs. 1,94,538 in 1919 and to Rs. 12,60,130 in 1920, but there is room in Bengal for societies counting their sales in crores of rupees and when this is realized we may hope for a strong Wholesale Society to complete the organization.

II. The Milk Societies.—We regret to have to say that the milk societies which Mr. J. T. Donovan, Registrar of Co-operative Societies, described in his paper early in this year before he went on leave have experienced a great set back. The daily supply of milk in March last was two tons and consumers competed eagerly for the co-operative article because of its purity. In the rains there is always a falling off in the supply. The steps prescribed

to meet this falling off, namely the formation of fresh societies, opening up of new areas and financing of the purchase of new cows were neglected with the result that the daily supply fell as low as 12 maunds and the societies met their contracts only with the greatest difficulty and at considerable loss. To add to their discomfiture foot and mouth disease became epidemic in several societies and the supply from these was completely cut off. The opening up of new areas would have counteracted the effect of this epidemic but the precaution was neglected.

Fortunately the worst is now over and the societies have benefitted by their experience. The supply is again increasing steadily and ere long it will probably exceed its previous maximum.

## Bangabasi College Co-operative Stores, Ld.

An Ordinary General Meeting of the share-holders of the Bangabasi College Co-operative Stores Ld., was held in the Registered Office of the "Stores" at the Canning Hostel, 28 Scott Lane, on Sunday, the 19th September, 1920 at 4 p.m. The Report of the Directors for the year ending 30th June, 1920 is given below.

- 1. We, the Directors of the Bangabasi College Co-operative Stores Ld., beg to present our Report on the working of the "Stores" during the year ending the 30th June, 1920.
- 2. After writing off the usual depreciations, the Revenue Account shows a net profit of Rs. 238-14-1½ which the Directors recommend, with a slight modification of the proposal of the Auditor, to be dealt with as follows:—

		Rs.	A.	P.				
To Dividend @ 7½ %	•••	135	О	0				
To Reserve Fund								
(1) Statutory	• • •	59	11	63/8				
(2) Additional	•••	0	0	71/8				
To Bonus to:—								
(r) Members @ -/3/- per	head	38	13	О				
(2) Servants	•••	5	5	0				
T	OTAL	238	14	1 1/2				

- 3. Making the necessary allowances for the long holidays, the usual period of our activities covers some eight months of which the first half was rather dull owing to unavoidable causes. On a consideration of this circumstance coupled with the unusual high prices of the articles with which the "Stores" deal, higher than those even of the previous year, our record as a whole may be pronounced as satisfactory, and the "Stores" has well maintained its reputation of the previous year.
- 4. Owing to unsettled fluctuation in prices, we had to be very cautious in the purchase of stores at wholesale rates. Profiteering has never been our object; the best interests of our members as consumers have always been uppermost in our minds, and "the best thing at the cheapest rate" has been our guiding policy. Two new features of our working this year have been first the importing of large quantities of pure ghee and unadulterated mustard oil from the remote mofussil, and secondly a wide publicity of our daily rates by means of posters and notice-boards.
- In closing our report, we cannot but emphasise that the College Co-operative Stores is not merely a business concern to give dividends, it is not merely a common platform for teachers, students, and ex-students to work harmoniously with a view to develop a spirit of camaraderie and corporate life, but that it should rather be regarded "as a branch of a new social order, destined in the evolution of the race to replace the old antagonistic order which is fast passing away." The knowledge which our students, the young missionaries of Co-operation, will gain in the hard school of practical experience so far as the management of Co-operative Stores is concerned will, we hope, stand them in good stead in the future industrial development of the country with its immense untapped material resources. It is in this spirit that the Directors appeal to all new members of the staff and the newly admitted students to come forward and join this Co-operative institution as share-holders.
- 6. The present Board of Directors except the Principal of the College who is ex-officio chairman begs to retire in terms of By-law 28, but they are eligible for re-election and re-nomination,

## Audit Report of the Bangabasi College Co-operative Stores, for the year 1919-20.

#### CASH ACCOUNT.

RECEIPT:		Expenditure:								
	Rs. A. P.	Rs. A. P.								
Sale of goods	9,454 10 71/2	Purchase of goods 9,192 0 9								
Share Capital called up	<b>46</b> 0 0 0	Shares withdrawn . 210 0 0								
Admission fee	40 0 0	Contingent Exp 34 0 9								
Realised on account of credit		Share in Federation . 25 0 0								
sale of last year	272 O O	Admission for Federation 20 0 0								
•		Reserve fund deposited in								
	10,226 10 71/2	the Federation 154 0 0								
Opening balance	1,625 1 41/2	Bonus paid to members 99 12 0								
o.FG		Dividend paid 103 2 0								
Total Rs.	11,851 12 0	Rebate paid 37 10 71/2								
	, .,	Bonus to Darwan 4 0 0								
		9,879 10 11/2								
		Closing balance 1,972 1 101/2								
•		Total Rs. 11,851 12 0								
\$		10tal Rs. 11,051 12 0								
BALANCE SHEET.										
Liabilities:		Assets:								
171nBigiting (	Rs. A. P.	Rs. A. P.								
Share Capital paid up	1,785 0 0	Cash in hand 1,972 1 101/2								
Dividend to be paid	12 0 0	Furniture 67 8 0								
Bonus to be paid	24 0 0	Reserve fund deposited in								
Rebate to be paid	5 5 412	Federation . 154 0 0								
Reparte to be part	3 3 4 4	Share Federation 25 0 0								
	1,826 5 415	. Marc a cacamora								
Reserve fund	153 6 412	Total Rs. 2,218 9 101/2								
Reperty rand	-00									
Net profit	1,979 11 9 238 14 11;									
Total Rs	2,218 9 101/2									

#### THE AUSTRALIAN CO-OPERATIVE UNION

The most important outcome of the First Australian Congress of Consumer's Co-operative Societies held at Sydney was the laying of the foundation for an Australian Co-operative Union. In view of the fact that in most of the States there is not yet any adequate local Co-operative Union, it was decided that it would be unwise to attempt to elaborate a complete constitution for an Australian Co-operative Union. It was decided instead, to attempt to promote Co-operative Unions in the several States of Australia having uniform objects, and to leave to the next Australian Co-operative Congress the work of evolving some federal bond to unite these bodies together for common operations.

While the Co-operative Societies in the several States were left quite free as to the details of the constitution they would give to their Co-operative Union, the Congress recommended unanimity as to terms of membership and objects.

In view of certain peculiarities of Australian conditions, it was decided to leave the terms of membership slightly vague, the main restriction being that membership is confined to Societies carrying out Co-operative principles in accordance with the objects of the Union. The objects adopted to express the vital principles which the Congress desire should be those of the Australian Movement, are as follows:—

- 1. To advocate co-operation as the true fundamental principle of industry.
- 2. To substitute in industry the motive of community service for that of private profit.
- 3. To promote, encourage and assist Consumers Co-operative Societies on "Rochdale" lines.
- 4. To make the Co-operative Movement a uniting medium for all healthy constructive and humanitarian forces, by inviting into it all who will further its industrial programme regardless of party, class or creed.

- 5. By means of special encouragement to the study of scientific economics and sociology, to make the Co-operative Movement a source of—
  - (1) An enlightened social consciousness pledged to the material resources of Australia being administered to yield the highest individual development and the greatest general well-being.
  - (2) A supply of fully qualified experts in social science for the public life of the Commonwealth.
- 6. To agitate for legislation to prevent the improper use of the word "Co-operative."
- 7. To carry on the trades and business of Accountants &c. (as per constitution of the English Co-operative Union).

If Co-operative Unions are formed in the various States on the above lines, it is to be the work of the next Australian Congress to draw these together by a Federal Constitution. In the meantime, a Committee which is to act as a temporary uniting medium between the State Unions as they are formed and to ensure the promotion of the next Australian Congress, which is to be held in Melbourne in about a year's time.—International Co-operative Bulletin, August, 1920.

# ADVANCE OF THE FRENCH CO-OPERATIVE MOVEMENT FROM 1914-1919.

The year book of French Co-operation for 1920 contains an interesting article from the pen of our colleague, M. E. Poisson, surveying the growth of the movement from 1914-1919. The following particulars are extracted from the report:—

The movement developed in a striking manner from 1914 to 1919, with the exception of temporary set-back experienced during the first months of the wars. Since then, however, development has been uninterrupted. Growth from the point of view of numbers is seen from the fact that in 1914 there were 3,250, societies, whereas at present they well exceed 4000. In connection with these figures it must be borne in mind that in 1914 practically a third of the societies was situated in the invaded districts and have not yet been re-established; moreover as a result of the efforts towards concentration many small societies have become amalgamated with large ones.

Similar growth is to be noted in respect of membership. Before the war the total was 800,000, but the number now exceeds 1500,000. Calculating a family to consist of four persons, it may be said that at present four million persons are organized co-operatively, being approximately one-tenth of the population of the country.

In 1914 the total turnover of the societies barely reached 300,000,000 francs, while at the present time it is approaching 1,00,00,000,000 francs, not taking into account the societies in the liberated districts which are now being reconstructed. Making due allowance for the considerable increase in the cost of living it may be said that the growth of membership has kept pace with the turnover.

In order to form a correct estimate of co-operative progress it is necessary also to examine growth of the central organizations. Development in this direction has been even greater than in the case of the local societies. The National Federation of Co-opera-

tive Societies, which in 1914 comprised 900 societies, now counts 2000. The volume of trade of the Wholesale Society has increased from 1,40,00,000 francs in 1914 to 7,50,00,000 francs during 1918-1919.

It is not only from the point of view of numerical strength that the French movement has to record substantial growth: it has also undergone internal transformation. Societies are being more and more animated by the idea that they must not only become instruments for the more equitable distribution of wealth but at the same time a progressive economic force. Owing to the trend of development of capitalism the co-operative movement has felt the necessity of adapting itself to new conditions of work. Societies have endeavoured to bring their stores more up to date, to avoid leakage, improve their methods of book-keeping, and to have boards of management capable of coping with trading difficulties.

Notable progress has been made in the direction of unification and amalagamation of societies, and it is hoped that the establishment of large societies with multiple stores will ultimately succeed in abolishing the commercial profits of capitalistic commerce. is chiefly since 1918 that the movement in favour of the establishment of large district societies has made such strides. At present more than fifty such societies are affiliated with the National Federation. Foremost amongst these is the Union des Co-operatives at Paris, established in 1916. At the beginning of 1920 it had 220 branch stores, a membership of 27,000, and during the financial year 1918-1919, recorded sales to the amount of 3,70,00,000 francs. This organisation, which serves as a model for all others, is not only the biggest co-operative society in France but bids fair to becoming the largest in the world. The secret of its success is to be attributed above all to excellent management and systematic administration.

The role of Co-operation as an effective regulator of prices was particularly apparent during the economic crisis of the war. The French Societies do not restirct their sales to members, but also supply the general public, although the surplus realised from transactions with non-members is not distributed as divident but allocated to the development fund or devoted to benevolent purposes.

In all economic matters affecting the national interest Cooperation has taken its place. At the beginning of the war it organised popular soup-kitchens and establishment workshops, with a view to providing the wives of combatants with the means of subsistence. In the industrial districts where there was a great influx of munition workers, the prices and charges for food and lodging were exorbitant. In certain of these localities co-operative stores and restaurants were established, with the result that prices fell considerably. The initiative taken by the co-operative societies in the matter of the supply of frozen meat to the public, has resulted in the growth of the butchery branch of the movement which previous to the war was but little developed. In Paris alone the co-operative societies now have more than 80 butcher's stores for the sale of fozen meat.

Co-operation having won the sympathy of the public, it was impossible for Parliament to remain indifferent to it. In 1917 a law was promulgated giving legal status to distributive societies based on Rochdale principles, a law which will one day become obligatory for all societies desiring to call themselves "co-operative."

The Superior Council of Co-operation, which defends the interests of Co-operation in Parliament, obtained the exemption from taxation of the war profits of societies, and also the more equitable application of the tax on income.

The public authorities have on several occasions given proof of their sympathy by organizing credit grants to Co-operation. For instance, the sum of 1,00,00,000 francs was granted for the reconstruction of societies in the invaded districts and another 20,00,000 francs to co-operative societies in general.

The co-operative movement to-day, as hitherto, aims at developing side by side with its material operation its works of solidarity: all the large societies are multiplying their activities for the common good.

Notwithstanding the enormous advance made by Co-operation during the last six years, the work which still lies before the movement is immense for private trade is still far more strongly entrenched than the co-operative movement.—International Co-operative Bullatin, August, 1920.

## THE EXPANSION OF CO-OPERATIVE PRODUCTION.

## [By Prof. B. K. BHATTACHARJEE, M.A.]

The ubiquitous middleman is the curse of India. the price that consumers have to pay and lowers the price that producers are entitled to. The result is that all trade is carried on today for the benefit of the man whose only function in business is to take my goods to give them to my neighbour or to take my neighbour's goods to sell them to me. He is undoubtedly a useful factor in commerce but instead of being one of the instruments of commerce he has assumed the position of the predominant factor. The Marwari or his brother in the trade is to be found in almost every village of Bengal taking away for a song the fruits of the peasant's yearlong labour on the strength of the advance that he had made to the peasant or on the strength of the ingenuity with which he can hoodwink the uninformed cultivator. Not infrequently he is merely one link in the chain and sells the goods to the local agents of the export houses or the merchants of Calcutta. From the local agents to the merchants is the next step that the commodity has to take before it reaches the consumer, though in the cases of goods exported it passes through a few more middlemen.

The reasons are not far to seek. As the last Industrial Commission observed: "The position of a peasant farmer, with grain, seeds or cotton to sell, and at the same time heavily indebted to his only possible purchaser, effectually prevents him from obtaining a fair market price for his crop. Even where the farmer is not burdened by debt, his business with the dealer is still very often on a per-contra basis, his purchases and sales being alike reckoned in cash in the dealer's books at a rate which is not always known to the customer at that time. The farmer owing partly to poverty and partly to the extreme sub-division of land, is very often a producer on so small scale that it is practically impossible for him to take his crop to the large markets, where he can sell at current market rates to the agents of the bigger firms".

It is not always realised that distress and poverty in India are due to the existence of this numerous troop of middlemen who intercept a large share of the peasant's profits. They are the parasites of Indian society and an organised attempt should be made to weed them out. It is strange that in an overwhelmingly agricultural country like India where, moreover, the small farmer is the unit of production the number of co-operative producers' societies is so small; every village should have its own society of producers, the societies being ultimately linked with one another for their own benefit.

Every primary credit society should be encouraged and allowed to extend its sphere of activity so as to include co-operative production and sale within its scope. The significance of this suggestion should not be lost sight of. I do not like the growth of separate societies in the same village or group of villages to cater for the separate needs of the same village or group of villages. It is wasteful and uneconomical to have "competing railroads running trains over parallel lines or retail stores existing in considerable number where one general distributing establishment could do the work". The municipalities in the West have found out to their cost that separate corporations for lighting the city or providing it with its water should not exist but all these functions should be taken over by the same Municipality. It is similiarly wasteful to have a credit society, a grain store and a sale society in the same village or group of villages; every effort should be made to merge them in one institution, if only to save unnecessary duplication of the working machinery. If we forget this, we shall be forgetting the ideal of the co-operative movement as contrasted with that of the competitive system. closely, the co-operative movement is a phase of the broad movement of Socialism which, generally speaking, is a revolt against the wastefulness and class tyranny of individualism. necessary that every co-operator should keep this in mind.

The second reason why a primary credit society should take to co-operative production or selling, is that the members generally are peasants or artisans who have realised the possibilities of cooperation in one field of human exertion and can be easily induced and safely relied upon to carry the principle to practice in an analogous field. This would be a strong incentive to the growth of Co-operative production. If every village primary society resolves today to undertake this new work we shall have tomorrow ....... societies ready to take up co-operative production and sale instead of the ...... societies that do the work now.

In the same way every existing co-operative producers' society should be allowed to lend credit to debt-ridden people and to take them under its wings. For after all co-operative sale is not possible unless the members are free to co-operate i. e., free from the clutches of mahajans, middlemen or marwaris. If the movement of co-operative production or co-operative sale is to be confined only to agriculturists who are free from debts the day is far away when the movement can grow to decent dimensions.

In short the existing societies are doing only one part of the work which it is their duty to do. To lend a man cheap credit should not be the alpha and omega of the existence of village societies. They should shoulder the further responsibility of helping him to bring forth a better crop or an increased quantity from the soil and to sell it to the best advantage possible.

The existing societies and the Government should co-operate to bring about this end. It is high time that all co-operators should consider the question of setting up a regular machinery to impress on the people the benefits of co-operative production and to extend the movement. This is not possible for the overworked staff of the co-operative department. The work has been started by the Bengal Co-operative Organisation Society but to carry on the work on a systematic scale larger funds and a body of trained men is necessary. In Denmark unions were started in large numbers long ago for the development of the milk industry by means of the organisation of exhibitions, the institution of lectures. the collection of various materials to make the economy of the dairies better known. A scheme like this should be set up here also with the aid of the Government and the co-operative societies already in existence. India is many times larger than Denmark and the machinery has to be many times larger also. But that is the reason why we should take up the matter at once and forge ahead.

# PROCEEDINGS OF THE 2nd DISTRICT CO-OPERATIVE CONFERENCE, KHULNA.

The Second District Co-operative Conference was held on the 19th September 1920, at the local Coronation Hall. The Session commenced at 1 p.m. The gathering was large. More than one thousand people assembled there of whom about 400 were delegates from the rural societies in the district. The elite of the town both official and non-official were there. Representatives of the B. C. O. S., the Sanitary and the Agricultural Departments of Bengal also came down from Calcutta and took part in the proceedings. On the proposal of Babu Sailaja Nath Roy Chowdhury, Zamindar of Satkhira, seconded by Babu Upendra Nath Bose, Chairman, Municipality, Khulna, Mr. L. R. Fawcus, I.C.S., Magistrate-Collector, Khulna, took the chair.

The President having taken the chair 4 boys of the Khulna Zilla School sang two songs—one welcoming the delegates and the other inviting the agriculturists to come within the fold of the co-operative movement.

The President then opened the conference with the following remarks:—
"Gentlemen,

It is a great privilege for me to be able to preside at this Conference, and a still greater privilege to welcome in the name of Khulna the distinguished visitors who are present here to-day.

Most of you were present at the Khulna Central Bank Annual Meeting which was held in this Hall this morning, and you heard the report of the year's work read out. Now there was one small remark in that report which I would feel inclined to challenge—and that remark was that during the past year there have been no obvious moral results of co-operation in the district. I think however that I can prove not only by argument—but by visible proof that this statement is untrue. The visible proof which I would adduce is the distribution of sticks and certificates presented by

the Government to those persons who devoted themselves to relief work after the late cyclone.

The cyclone is of course a household word throughout Bengal, but I would doubt if those of you who live in districts which were fortunate enough to escape the cyclone—can adequately realise the misery and destruction caused by it. Just as in the greater sphere of world politics and of commerce, every question which arises to-day must be regarded as materially affected by the war and its results, so in the small sphere of district administration I have found during the last six months (and I am sure that those who have assisted me will agree) that almost every question which arises is affected in some or other of its bearings by the fact of the recent cyclone. Yet amidst all the terror and misery of the cyclone there was one bright feature, and that bright feature—which we are commemorating to-day by distribution of sticks and certificates —was the knowledge that in the District and even in the smaller villages a spirit of mutual help and co-operation existed. The Lawyer left his briefs, the Police and Panchayets like fabled lions and lambs worked together for relief of the sufferers, and even the village Mahajan, Sir Daniel Hamilton's bugbear-shewed in some cases that the devil is by no means as black as he is painted. think I am right in saying that in no previous calamity—famine or cyclone—has there been such evidence of the desire of the people to help each other as well as to help themselves; and this is the true spirit of co-operation. For this reason I assert that the cooperative movement has produced distinct moral results-and I should like all those present to-day who have in the past helped to organaise co-operative societies to look on the sticks and certificates which I shall now distribute as feathers in their own caps as well as rewards to those who worked so well in cyclone relief."

Babu Jatindra Nath Ghose, Secretary, Khulna Central Bank, next read his report on the progress and possibilities of co-operation in Khulna District.

The president then distributed the following rewards awarded by the Khulna C. B. and B. C. O. S.:—

- 1. Khulna Central Bank reward of Rs. 50 to Babu Nani Gopal Roy, Assistant Secretary, Khulna Co-operative Stores, Ltd.
  - 2. Khulna Central Bank reward of Rs. 20 and B. C. O. S.

watch to Pandit Bhaba Nath Smritiratna, Secretary of the only "A" class society in Khulna Sadar area.

- 3. B. C. O. S. watch to Babu Saroda Prosad Sen, Chairman of the only "A" class society in Bagerhat area.
- 4. B. C. O. S. watch to Babu Bhupendra Nath Chakrabarty, Secretary of the best society in Raruli area.
- 5. Khulna Central Bank reward of Rs. 20 to Munshi Mujdin Molla.
- 6. Khulna Central Bank reward of Rs. 15 to Babu Ruksmini Haldar.

Next certificates and sticks were given to deserving persons in connection with Cyclone Relief Operations.

The following gentlemen then addressed the meeting and dwelt on the benefits of co-operation:—

- (1) Prof. P. Mukherjee.
- (2) Rai Lalit Kumar Mitra.
- (3) Mr. T. C. Roy.
- (4) Rai Shahib Tarak Nath Maitra.
- (5) Dr. S. P. Gupta, Special Deputy Sanitary Commissioner.
- (6) Mr. K. P. Roy, Chemical Analysist to the Sanitary Department, Bengal.
- (7) Mr. N. Gupta, Deputy Director of Agriculture.

The following resolutions were then discussed:—

- I. That vigorous steps be taken to organize and develop cooperative societies in all their branches throughout the district and that in order to carry out the scheme Government be approached through the Registrar:—
  - (a) To appoint at least three more honorary organisers for the district and
  - (b) to appoint a special officer to organize Co-operative Societies in the south of Paikgacha and Shyamnagar Thanas.

Proposed by-Babu Jnanendra Nath Dutta Chaudhury.

Seconded by-Babu Hem Nath Banerjee.

Supported by-Munshi Khayaratulla.

The last named speaker was an agriculturist. He made a pitiful and effective appeal to the Zaminders and others to look to

the interests of the poor agriculturists especially in respect of Pasture lands.

## THE RESOLUTION WAS CARRIED.

II. Babu Naba Gopal Chaki proposed and Rai Shahib B. C. Majumdar seconded the following resolutions:—

That Registrar be moved so to redistribute the areas under Khulna and Raruli Central Banks as to include the area to the south of the Megnus and Chandkhali rivers, at present under the latter, within the jurisdiction of the Khulna Central Bank.

Babu Bepin Behari Chakrabarty, Secretary Raruli Central Bank, having expressed his willingness to take up the work of the area, the resolution was withdrawn.

- Prof. P. Mukherjee then moved the following resolutions:—
- III. (a) That steps be taken to organise supply and sale societies chiefly of agricultural produce throughout the district and the Registrar be requested to depute adequate special staff for the purpose.
- (b) That steps be also taken to establish a Central wholesale co-operative store in the town of Khulna to help the distributive societies in the district.

It was seconded by Babu Akhay Kumar Roy Chaudhury and supported by Babu Nagendra Nath Sen Gupta and carried.

Prof. Mukherjee moved also a resolution for starting a Branch of B. C. O. S. at Khulna; after a discussion as to its financial aspects and the undertaking of the Central Banks indicated in it, the resolution, having been reduced to the following form, was seconded and supported by the three Secretaries of the 3 Central Banks of the district, and carried unanimously.

That the following proposals be taken up for decision at once by the Central Banks concerned:—

- (i) That a local branch of the B. C. O. S. be formed at Khulna with the members of all the Co-operative Societies within the district as its members;
- (ii) That the cost of carrying on the work of the branch be borne by the 3 Central Banks of the district;
- (iii) That the first Executive Committee of the local branch be consisting of the Secretaries of the 3 Central Banks, Circle Ins-

pector of the district, Rai A. L. Raha Bahadur, Babu Jnanendra Nath Dutta Chaudhury, Babu Adwaita Charan Rakshit and Maulvi Shamsur Rahman with the Collector as Chairman to frame rules with a view to start work without delay.

Babu Indu Bhushan Majumdar then moved the following resolution:—

IV. That steps be taken to start Sanitary Societies in suitable places in the district and the District Board and the Central Anti-malarial Society be asked to provide necessary help for the purpose.

The resolution was seconded by Pandit Bhaba Nath Smritiratna and supported by Maulvi Syed Sultan Ali.

It was carried unanimously.

Babu Naba Gopal Chaki moved and Babu Surendra Kumar Sen seconded the following resolution:—

V. That steps be taken to start Cattle Insurance Societies as a special need of the district in order to cope with cattle mortality.

Rai A. L. Raha Bahadur opposed.

After a heated discussion the resolution as amended was passed in the following form:—

That the question of starting Cattle Insurance Societies as a special need of this district in order to cope with cattle mortality be considered by a Committee consisting of the 3 Secretaries of the B. C. O. S. and Babu Naba Gopal Chaki with power to add to their number.

Babu Abinash Chandra Mukherjee then moved:-

VI. That this Conference is of opinion that the deterioration of cattle in this district is due to want of adequate pasture land and requests he zaminders and land-owners to set apart sufficient pasture land for the grazing of cattle.

Babu Upendra Nath Chatterjee seconded and Munshi Tayabar Rahman supported the proposal

After a discussion Rai Shahib B. C. Majumdar's amendment of insisting District Board in the resolution having been accepted the resolution was amended and was carried in the following form:—

"That this Conference is of opinion that the deterioration of cattle in this district is due to want of adequate pasture land

and requests the zaminders, land-owners and the District Board to set apart sufficient pasture lands for the grazing of cattle."

Babu Rajani Kanta Mitra then proposed, Babu Akhay Kumar Mondal seconded and Babu Krishnadhan Das supported the following resolution which was carried.

VII. That a Standing Committee be formed with the representatives of Central Banks and District Agricultural Association for popularising the use of improved seeds, manures and modern methods of Agriculture.

The President then made the following concluding remarks: "Gentlemen,

Owing to the length of time which has been occupied by the conference to-day, I have been obliged to request speakers to curtail their speeches to some extent. As it is a principle of an abstract Justice that no person should impose on another a penalty which he should not consider justly imposed on himself under similar circumstances, I propose also to curtail my speech within the shortest possible limits.

We have heard many speeches to-day advocating measures for rural improvement. Some of the proposals are eminently practicable; some, I am afraid, are yet utopian. It would be impossible for me to touch even briefly upon the many suggestions—so I cannot but confine myself to saying that I am sure it has been—to every one present as it has been to me—a matter of the greatest interest to hear these views which have been expressed to-day. We can fairly argue from the success of to-day's meeting that while such interest in co-operation exists in Bengal—the future of the co-operative movement presents the brightest prospects."

After which Rai A. L. Raha Bahadur proposed a vote of thanks to the Chair and to the invited gentlemen who kindly attended the conference and also the boys who sung the beautiful songs.

It was enthusiastically carried. The meeting then separated at about 5 p.m.

# **CO-OPERATION IN ASSAM**

# SUCCESSFUL YEAR'S WORK.

The resolution on the Annual Report on the working of Cooperative Societies in Assam, for 1919-20 shows the staff was strengthened during the year by the appointment of four Inspectors and an Auditor. This enabled the Registrar to adopt a more forward policy than could safely be followed in the past. The number of co-operative societies rose from 387 to 475, their members from 15,421 to 25,318 and their working capital from Rs. 12,26,966 to Rs. 14,16,452. The reserve funds of Central Banks increased from Rs. 29,012 to Rs. 30,246, those of Agricultural Societies from Rs. 1,33,888 to Rs. 1,48,517 and of nonagricultural societies from Rs. 22,543 to Rs. 26,457.

Repayments during the year were fairly good. The Central Banks advanced Rs. 75,247 and recovered Rs. 58,229 in 1919-20, against Rs. 27,655 and Rs. 33,824 in 1918-19. Similarly, agricultural societies advanced Rs. 1,34,314 and Rs. 12,26,066 to Rs. 14,16,852. The reserve funds of Central Rs. 82,523 in the previous year. The amount of loans overdue from agricultural societies to central banks was materially reduced. While credit for this is due to the staff, the Chief Commissioner is not able entirely to agree with the Registrar's remarks as to the material condition of agriculturists. Crops were generally good and high prices were, on the whole, to the advantage of producers. Cultivators as a class had more money to spare than they usually have. It is a matter for satisfaction that it was possible to bring some heavily indebted societies into a state of solvency. The progress of liquidation was however, still regrettably slow. The Chief Commissioner hopes that this year there will be considerable improvement in this respect.

In this Province, Supervising Unions have hitherto not worked well; there has been little or no improvement this year. Whether the work would not go on better without them is a question which will doubtless receive the Registrar's attention,

Criminal prosecutions of office bearers of societies, while necessary, were regrettably numerous. It is hoped that with the increased staff and better arrangements for supervision, the temptation to dishonesty will be minimised.

Non-credit co-operation made a particularly good beginning. The Chief Commissioner agrees with the Registrar as to the great importance of the accounts of such societies being properly kept.

A co-operative society of fishermen in the Barpeta subdivision made a promising start. Sir Nicholas Beatson-Bell acknowledges the help given by the Sub-divisional Officer, and by the honorary organiser; he relies on them not to relax their efforts.

With a view to facilitating the disposal of liquidation cases, the provisions of the Bengal Public Demands Recovery Act were, during the year under report, extended to Assam.

Rules have recently been issued on the subject of the making by co-operative societies of a provision for fluid resources and for bad and doubtful debts.

A Provincial Auditor was appointed during the year. A proportion of the growing cost of audit will now be met by the societies by means of a contribution levied on them. The perfecting of audit arrangements is a matter of great importance, which the Registrar will doubtless keep constantly in view.

There is perhaps no matter in which non-official help can be more useful than in co-operation. Hitherto, little has been given in this province. The Chief Commissioner welcomes the Registrar's assurance that it is gradually becoming more evident. His thanks are due to those—whether non-official or official—who have done their best to further the cause of co-operation in Assam. Credit is due to the Registrar for what he has accomplished in the face of considerable difficulties.

## THE CO-OPERATIVE MOVEMENT IN BOMBAY

#### PREPARED BY

THE DIRECTOR OF INFORMATION, BOMBAY.

The problem of rural stagnation in India attracted much attention towards the end of the last century. The Bombay Government were among the first to recognize its importance and as early as in 1883 they took steps to help on a scheme for the organization of an agricultural bank. As, however, the Secretary of State took exception to the scheme, and as Acts like the Deccan Agriculturists' Relief Act (1879), Land Improvement Loans Act (1883) and Agriculturists' Loans Act (1884), were passed with the same object in view the Bank scheme was allowed to drop.

The Madras Government deputed Sir Frederick Nicholson to Europe, to study the movement for organising rural credit there. He summarised his conclusions in the words 'Find a Raiffesien,' by which he meant not only that rural credit societies such as those started by Raiffesien in Germany should be started, but also that genuine and devoted enthusiasts like Raiffesien were needed for the work. A few officers then started credit societies in some parts of India, but Lord Curzon, realising the importance of co-ordinated effort, appointed a committee under Sir Edward Law to suggest lines for the necessary legislation.

As a result of the deliberations of this Committee, the Cooperative Credit Societies' Act was passed in 1904 and the Officers then lost no time in setting to work. An idea of the progress made, may be gathered from the fact that the number of Co-operative Societies in the Bombay Presidency, which was only 12 with a membership of 219 in 1904, rose steadily to about 2,400 during 1919-20; and this in spite of the war conditions, bad seasons and the banking crisis. The Co-operative Societies' Act was later on amended in 1912 and its scope widened.

Last year's report for Co-operative Societies in the Bombay

Presidency contains two remarkable features. One is the classification of Societies into three groups or types as (a) Resource Societies, (b) Consumer's Societies (including Building Societies) and (c) Producers' Societies. This made easy the solution of the question as to which kind of Societies should be financed by the Provincial Co-operative Bank. The view was put forward by the Provincial Bank that while its first duties were to agricultural co-operation, yet it can, under proper safe-guards, finance all resources societies when required; but it could not reasonably have any dealings with other groups and in particular with consumers' societies. This view was approved by the Government of Bombay. This convenient classification was suggested by the Registrar, who based it on investigations he had made in France.

The bulk of the Co-operative Societies are Agricultural Credit Societies. In the year under report their number rose from 1,648 to 1,993, and their working capital from  $81\frac{1}{2}$  lakhs to nearly 108 lakhs. The growth of the reserve funds is perhaps the easiest test of the success of Agricultural Credit Societies and the funds have during the year grown from  $5\frac{1}{2}$  lakhs to  $7\frac{1}{2}$  lakhs.

Fully admitting the impressiveness of these facts, there are a certain number of thoughtful co-operators who have been inclined rather to doubt whether the provision of easy credit, unaccompanied by improved agricultural methods, has not actually done harm, by inducing a certain habit of extravagance and a certain callousness to debt. All people concerned with the movement must, therefore, thoroughly grasp the principle that the provision of credit to cultivators is of real benefit only if the credit is used to obtain increased production.

The best, if not the only way to secure this increased production is by organising non-credit societies to procure the cultivator the necessary resources in improved agricultural requisites. There were in the year under report only 102 non-credit agricultural societies, of which 26 were for the supply of manure, 19 for the supply of seed, and 13 for the supply of implements; 8 were dairy societies, 14 for cattle breeding, 4 for cattle insurance, and 18 for the sale of cotton and other agricultural produce. The condition of some of these Societies, such as the dairy societies and the cattle insurances societies, is very disap-

pointing. Steps have, however, now been taken to establish a closer touch between the Co-operative Department and the Agricultural Department. It is moreover contemplated to employ agricultural graduates as organisers under the Assistant Registrars. The whole question is going to be further ventilated and discussed at the next Provincial Conference. A hopeful feature of the Agricultural Credit movement this year is its extension in Sind, in spite of great difficulties.

By far the largest number of non-agricultural Credit Societies exists in Bombay itself. It is to be regretted that the large towns of Poona and Ahmedabad have not followed this example to any extent worth mentioning. At present practically no banking facilities exist anywhere except in the Presidency City. It is hoped that the Urban Credit Societies will succeed in providing those facilties which are so badly needed. An important class of societies in this group is that of the Weavers' Societies, weaving being the only cottage industry with regard to which the Co-operative Movement in this Presidency has made progress. These societies seem to have recovered from their previous year's bad condition much more rapidly than was anticipated.

There are now 14 Central Banks in the Presidency as compared with 12 during the last year. These banks are intermediaries between the primary agricultural societies of an area and the Provincial Bank; they are, therefore, expected to play the most important role in the control and finance of agricultural societies. The result of last year's work of the Bombay Central Co-operative Bank, which is really the Provincial Bank of this Presidency, was satisfactory, and as the finance of the whole movement depends ultimately upon the management of this bank, the thanks of all concerned are due to the Board and the Manager. Reviewing the Resource Movement as a whole, it has been pointed out that its reserve fund amounted to 13.50 lakhs and the profits to 5.80 lakhs. The movement has done a great service to the country by bringing into circulation money which a few years ago would have been kept in hoards, and would have been lying unproductive.

With regard to the Consumers' Movement, the number of stores is still only twenty. But this branch has been taken in

hand only recently, and from December last a special Assistant Registrar has been appointed to encourage the movement. A Wholesale Society has also been organized in Bombay.

The organization of Co-operative Building Societies has made very good progress this year, for which credit is due to the Bombay Co-operative Housing Association, and its energetic Secretary, Rao Bahadur Talmaki. Fourteen new Societies were organised during the year. The movement is, however, faced by a very real difficulty in the present heavy cost of labour and building materials. These Societies also require expert guidance in Engineering and legal matters.

A special feature of the Co-operative Movement in this Presidency is the help it has received from non-official workers in the organisation of new Societies. The Central Co-operative Institute, which is a non-official body instituted for focussing all non-official co-operative activities, did extremely useful work during the year by means of its Co-operative journals, training classes, lectures, etc. A Provincial Conference was held at Poona in September, and was opened by His Excellency the Governor. There were some ten small conferences organised by various local co-operators, at their own expense, the Department making a supplementary grant wherever necessary.

The Government of Bombay has consistently befriended and supported the Co-operative Movement, as being the true key to rural reconstruction and progress in this Presidency. It has always welcomed warmly non-official effort, and now that the department is to pass into popular control, it is the more necessary that the public generally should realise the importance, and the great potentialities of the Co-operative Movement in Bombay Presidency.

# RESOLUTIONS PASSED

Resolutions passed by the last Bombay Co-operative Conference.

Among the resolutions discussed by the Conference, the one which evoked the keenest interest and at the same time divergence of views, was that and relating to the appointment of a Co-operative Board. The other resolutions passed included one regarding the donation of Sir Vithaldas Thackersey for night schools, the system of finance with special reference to the introduction of cheques and discounting business, the increase of share capital of District Banks, organization of further Urban Banks and the need of a Producers' Bank what organization was required in Bombay City, the recommendations to meet the needs of Building Societies and provide for their rapid and successful extension and several others.

I. That the committee is of opinion that Government be recommended to appoint a Advisory Board as recommended by the Registrar, but the number should be 18 as follows:—The Director of Agriculture, the Director of Industries, the Director of Public Instructions, three members to be nominated by Government and twelve elected by the Bombay Central Co-operative Institute of whom at least two will represent the Provincial Central Bank, four Resource Societies, one the Consumers' Societies and one the Producers' Societies.

Two amendments were moved to this resolution, both affecting the constitution of the question be postponed till the next Conference. The last amendment, moved by Mr. Joshi, was then put to the vote and carried.

II. That while this Conference conveys its best thanks to Sir Vithaldas D. Thakersey for his continuing to maintain at his cost forty night schools, it puts on record its view that the work of the night schools conducted so far has been satisfactory and rencouraging and that, in view of the deed for further continuing and developing this scheme with the aid of the fund promised by

Sir Vithaldas, it recommends to the Government of Bombay to undertake to help the night schools movement, by providing, at their cost, the necessary special supervision and inspection on the present lines with such improvement as shall be recommended by the Committee. And that it further recommends the appointment of a Committee to go into the whole question of providing the machinery for the management, control and supervision and to settle the details of its work for a period of 4 years. That the Conference further approves of the plan of the continuation of the work; as described by Messrs. Deodhar and Madan in their papers on this subject, and asks this Committee to go into the various suggestions made in other papers.

- III. This Conference recommends that it is desirable for Central and Urban Banks to introduce the use of cheques against current accounts and cash credits, and to undertake the discount of short term hundis and trading bills on behalf of members and of Co-operative Societies. The obligatory contribution by primary societies to the share capital of District Banks should be raised to one-twentieth of their maximum borrowings. That since the rate of interest charged by the Provincial Bank has been raised from 6¾ to 7¼ per cent., the corresponding rate charged by District Banks must be raised by at least ½ per cent. above its present level. This will afford a means of offering better terms for capital subscribed by the public. Concurrently with this the Central Banks must strengthen confidence by an adequate inspecting staff. That the organisation of further Urban Banks was certainly desirable.
- IV. That a committee of 5 persons, representing the Central Banks, the Co-operative Institute and including the Assistant Registrars should be appointed to make definite recommendations for the purpose of establishing a service of trained managers.
- V. The next resolution was regarding the scale of audit fees to be charged to Urban Societies based on their working capital. In this the Sub-Committee endorsed the conclusions of the special committee on audit appointed by last year's Conference.
- VI. Another resolution recommended the prohibition of the acceptance of non-members as sureties by all co-operative

societies, but that the Registrar might be authorised to exempt individual societies.

VII The resolution recommended the prohibition of the acceptance of non-members as sureties by all co-operative societies, but that the Registrar might be authorised to exempt individual societies.

This Conference recommends that the work of VIII. organisation in the City of Bombay should be carried on by starting a separate branch of the Bombay Central Co-operative Institute. The branch should carry on propaganda in the following way: -- It should hold a City Co-operative Conference. It should arrange two public lectures every year by leading cooperators from the Presidency or from outside, in order to enlist the sympathies of prominent people in Bombay; it should arrange weekly lectures on co-operative subject through the already existing social and other clubs and through co-operative societies: it should arrange weekly lectures or talks in chawls and localities inhabited by the masses; it should hold training classes in general principles of co-operation for organizers and others interested in co-operative. The organization should be carried out through honorary organizers appointed by the Co-operative Institute, honorary organizers appointed by the Government and working in co-operation with the Co-operative Institute, through public bodies, like the Social Service League.

As regards the important question about the organisation of societies for mill-hands the conference is of opinion that it would be desirable if the whole question were referred to a board, consisting of representatives of the Co-operative Institute, of the mill-owners and of the mill-hands and of such bodies as the Social Service League, with some departmental officers on it.

- IX. A resolution re-affirmed the resolution passed last year regarding the desirability of starting development committees in advanced areas, but suggested that such committees should be started as branches or sub-branches of the Bombay Central Cooperative Institute.
- X. A series of thirteen resolutions were next moved by Mr. F. A. C. Rebello, which made a number of recommendations to meet the needs of Building Societies and provide for their rapid

and successful extention, such as assistance of a competent Government Officer free of charge, regarding the layout of land facilities for transport of material and numerous others.

The Registrar's amendment that the recommendations be recorded, was carried.

XI. The last set of resolutions related to the finance of Cotton Sale Societies with special reference to the condition of compulsory sale through such societies, imposed by some credit societies on their members.

## NOTABLE UTTERANCES

Extracts from H. E. Sir George I.loyd's opening speech at the tast Bombay Provincial Co-operative Conference.

It must, I think, he admitted that the agricultural movement still lags behind in the matter of organising agricultural non-credit societies. It has perhaps not yet been sufficiently understood that the test of co-operative success in agriculture is an increase of productivity and that this increase can only be obtained by organising separate agricultural co-operative societies for supplying the cultivators with the most improved resources in seed manure, implement, irrigation and the like and with co-operative means for the sale and marketing of their produce. At present I find that there are only 102 Non-Credit Agricultural Societies in the Presidency, of which 26 are for the supply of manure, 19 for the supply of seed and 13 for the supply of implements, but if co-operation is to be operative as strongly and vigorously in the direction of agricultural improvement as it should, then, judging from the experience of other countries, we ought to have nearly three times as many Non-Credit Societies as we have Credit. In other words, the total number for the Presidency ought to be about 6000 societies instead of the 162 which have actually been attained. There is therefore a great deal of hard work before the Department, and it will need all the help it can obtain, both from non-officials, organized through the Co-operative Institute or through Taluka Committees, as well as from the Director of Agriculture and Government.

It may perhaps be necessary to provide for more paid agricultural organizers who should be agricultural graduates in expert training, and the question may arise as to the funds or grants from which the pay of such further establishment is to be met. These subjects are coming before one of the Sub-Committees of the Conference, and I hope they will meet. I need hardly again repeat that any suggestions will receive careful and sympathetic consideration.

#### URBAN CREDIT MOVEMENT.

A subject which is of the greatest importance, not only to the co-operative movement as such, but to the development and prosperity of the

Presidency as a whole and in particular of its commerce and industry, is the growth and extension of the Urban Credit Movement.

At the present moment we have in this Presidency 273 Urban Credit Societies. These vary from strong and important societies with a limited liability, which are really Peoples' Banks like the famous Luzzati Banks of Italy, down to small unlimited Urban Societies, whose main achievement is to obtain easy credit for a restricted class of poor people. In Bombay alone there are not less than 111 Urban Credit Societies, but I notice with great regret that the cities of Ahmedabad and Karachi have only got 6 and 4 Societies respectively. This year the limited Societies alone had 63,000 members and a paid up share capital of 17½ lakhs, with a working capital of sixty-eight lakhs. Several of the Banks had already attained a working capital, which amounted to well over 3 or 4 lakhs. One type of this Society which is unknown outside of India, is in this Presidency very flourishing indeed and that is the communal Societies, formed to meet the needs of one definite cast or community.

Now gentlemen, it will be clear to you that in a Presidency, which is so much more largely industrial than any other part of India, these Urban Credit Societies have an increasingly important part to play. As they grow and extend they bring new promises of progress and prosperity to artisians, to the smaller merchants and to local industry, but their utility is by no means confined to the assistance they can directly give to these classes by way of loans and support. A bigger task lies before them. At the present moment, outside of Bombay City it may be said almost without exaggeration, that no banking facilities whatever exist, not is there any great likelihood that the joint stock banks will take up mofussil banking to any considerable extent in the near future. The co-operative movement has, therefore, lying before it a virgin field, and I see no reason why co-operative banks of the Luzzati type should not penetrate the whole field and take up the work of supplying this Presidency with a banking facilities which are obviously required for its prosperity.

#### PRODUCERS' MOVEMENT.

The industrial producers' movement had, it must be admitted, never been seriously attempted in the past. Till this year only two such societies existed in the Presidency, neither of them had entirely the correct form of a producers' society. By the beginning of the rains, however, the Department was able to issue a leaflet and model bye-laws for such societies, and

I am now informed and am happy to say, that there are hopeful signs that the movement will find support. Two new societies have already been registered and brought into working order since that date. The Coppersmiths of Poona and the Dyers of Ahmedabad have combined to form societies of this type. It is clear, however, that the producers movement if it is to grow requires financing. My Government has allotted a small grant which may be used for giving loans under the rules to Producers' Societies, formed on an unlimited liability basis and proposals from the Registrar to extend these loans to limited liability sociaties are under consideration. It is, however, doubtful how far my Government will contemplate any large extension of the grant, and in any case it is obvious that such societies would also require frequent loans against the security of goods manufactured and ready for sale, a class of business for which Government Loans would certainly not be suitable. It appears probable, therefore that a Central Producers' Bank will be required for the finance of such societies, and it is undoubted that such a bank would also be extremely useful as an organising and propagandist body. I am happy to be informed by the Registrar, that there is a fair prospect that such a Co-operative Producers' Bank will shortly apply for registration. The gentlemen who are promoting this institution, wish, I understand, to form it in connection with the Commercial Museum managed by Mr. Ranade, which already exists in Bombay, and I trust that they will take up the promotion of this Bank with continued energy and enterprise.

#### BUILDING SOCIETIES.

The movement for Co-operative Building Societies is also showing healthy signs of progress. Fourteen new Housing Societies were organised during the year and at the end of March there were already 21 in existence. It must be admitted that, while organisation had proceeded so well, the further operations of building were less satisfactory. A very real practical difficulty is the enormous price of labour, bricks and materials. I understand that efforts are not being made in Bombay City, to found a union, which could contract as a joint association for material and labour and thus secure them cheaper, but, it is so far too early to feel certain whether the proposed Union will be able to come into a real existence. The Department also has very great difficulties in dealing with Building Societies and further expert assistance at some stage or other seems to be required. I notice from the agenda, that a sub-committee is going to deal with the subject and

I trust that it will be able to make useful suggestions for the guidance of the Department and for proposals to be submitted to my Government.

Gentlemen, it has been a pleasure to me that the Central Co-operative Institute, of which I am the President, has during the year been gradually finding its field and has been able to undertake extremely useful work. The Institue has, at the suggestion of the Registrar and with the active help of his assistant Mr. Madan, organized a carefully thought out and systematic course of lectures on Co-operation at the Wilson College, which I believe bear good fruit in the future. The publication of the Bombay Co-operative Quarterly, a really model publication, is a monument to the Institute. The Institute has now established a permanent Standing Committee, which meets regularly once a fortnight and with this Committee, I have every reason to hope that the Institute will become a real directing and organising body for the whole co-operative movement. Unfortunately, the Institute suffers at present from the want of a suitable building and even of a suitable site for building. Until that problem is solved, it can hardly, I fear, be able to cope as satisfactorily as one would desire with its duties. The Registrar is, I believe, in search of a suitable site and I understand that he may shortly be able to lay proposals in regard to a site before my Government for its consideration. The Provision of funds for the building is however, a matter which might well obtain the consideration of wealthy and public spirited gentlemen in Bombay, and no matter appears more suitable for the benefaction of a public spirited donator.

### REVIEW

Krishi Samavaya.—A project of Agricultural insurance by Arun Chandra Roy of Jhenaidaha, Jessore.

Any project for the improvement of the lot of our poor cultivators deserves the best attention and thought on the part of every one interested in their welfare. This is a project of "Crop Insurance" and has been formulated with the best of intentions.

But at the same time experience has taught us to look on all such projects somewhat pessimistically, specially when they are not based on the bed-rock of co-operation. In particular we entertain grave doubts about the sound working of the plan by a class of people who are to be selected irrespective of their character, antecedents and business-knowledge.

As to the amount of premium settled it seems arbitrary and fixed

without reference to any scientific data. The emergencies to guard against which this insurance is recommended, are sure to be of a general nature. Is it possible to cover such risks of a general nature by the very paltry provisions the project makes.

Our cultivators are more likely to furnish wrong or very incorrect data in mentioning the particular rule 9 (Ka). Provisions (2) and (3) of the same rule and generally many of the other provisions also leave much room for quarrel and dispute.

There seems to be some elements of the Co-operative Principles in the project, but unfortunately not all.

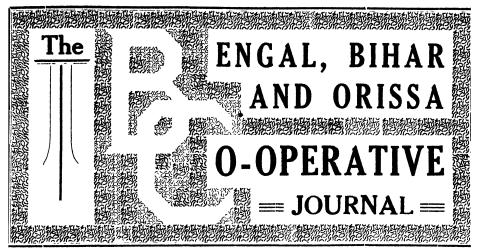
We venture to think however, that the project should be first considered by a body of experts and the rules reconsidered and recast and then, if possible, as an experimental measure, the project may at first be tried in a few village Co-operative Societies of the A. and B. classes—and, if found successful, then, it should be introduced as widely as possible.

On the whole we heartily thank Babu Arun Chandra for his project and subject to the above remarks we wish it all success.

(Sd.) T. N. MAITRA,

Deputy Chairman,

Pabna Central Bank.



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No. 4

# NOTES AND NEWS

The July number of the Indian Journal of Economics contains an able and timely article by Mr. C. F. Strickland which is likely to provoke a great deal of discussion. The article raises and elaborates questions of the highest importance to co-operation in India—the problems of the limits of state control and finance to the matter of co-operation, of a co-operative service and of the relation of co-operative bodies to political affairs. In opening his discussion the writer observes that the restoration of normal conditions after the shock of the war, has created in all countries an increased demand for state organization and assistance. tendency to state help if carried to excess becomes morbid and Mr. Strickland, very properly, wants Indian co-operators to "shun all suggestions of needless state intervention." With this view we entirely concur and while agreeing with a great deal of Mr. Strickland's exposition we shall take leave to emphasize a few qualifications which his views seem to require in some places.

No one can dispute the dictum of Mr. Strickland that "the admitted function of the state with regard to co-operation is to

aid in the work of propaganda, education and organization, but at no time to pauperize or minutely to control" the co-operative This dictum, however, if properly interpreted leaves a considerable degree of control to the state. To take an example, the function of organization which Mr. Strickland leaves to the state implies the right and duty to remove defects of organization which are always creeping into the co-operative system. the co-operative organization and system of India is by no means completed as yet nor will it be completed for sometime to come. In the way of planning and constructing the remaining portions of the co-operative edifice in India there remains then ample scope for the exercise of state control. If, it can be argued on the one hand that excess of state supervision is harmful to the cause of co-operation yet, on the other hand, for some time to come, an undue minimising of the functions of the state might be regarded as dangerous to the interests of co-operation in India. A certain minimum of state supervision and guidance is at present necessary to ensure that public confidence in the working of co-operation in our country which is required to ensure the free flow of deposits and of financial support from the public.

Exception can also be taken to Mr. Strickland's view that "co-operators need no loans from the Paper Currency Reserve, no Government guarantee for any co-operative institution whatever, even of an all-India Co-operative Bank, and no pressure upon the Presidency Banks to finance Provincial or Central Co-operative Banks." To say the least, there can be no harm in the state using its good offices in inducing the Imperial Bank to help cooperative finance and afford facilities for the re-discounting of co-operative paper. One of the biggest and most important functions of the Imperial Bank will be to provide India with a re-discount market for paper and it is difficult to see how largescale urban banks and other co-operative banks are to get on if they are excluded from such facilities. Moreover if loans are to be made from the Paper Currency Reserve and government balances in India it stands to reason that agriculture which is the leading industry of India should have its due share of these facilities. It is the Indian agriculturist whose industry has secured the prosperity of our export trade and the accumulation of the balances and if loans are to be made for developmental purposes from these resources some of them should in justice be made to subserve the interests of agriculture. Admitting that agriculture is going to share in these benefits it would be hard to deny that the co-operative banks form the best channels for the prospective financial irrigation. We must not confine our attention to the present small-scale agriculture but provide for the necessities of the large-scale and intensive argiculture which will form so necessary a factor in the future prosperity of India.

We have on former occasions advocated the strengthening and better organization of a co-operative service. Our idea was that the formation of such a service will help to compare, accumulate and garner co-operative experience and to gather high traditions of organized co-operative activity. The work of co-operation in India is so vast, it involves so much technical knowledge especially in its banking aspect, it imples such heavy routine work that volunteer work will have to develop immensely before it can presume to run our co-operative machine single handed. In future, with the growth of our system the task of managing it will be still more complicated and heavy. When the time has arrived when Federations can take up the responsibility for all that work there will be no fear that the organized service will stand in that consummation for which we all devoutly hope. Then the service will have no objection to work under the orders of the federations and other great co-operative bodies at whose disposal it will no doubt be placed. At present, however, the co-operative federations and associations have not the means for creating and maintaining a large, efficient and co-ordinated service. Mr. Strickland, in the face of all this, observes that "the creation of a Government service of supervisors, Auditors and Sub-Inspectors can only impede this healthy growth." We submit that this dictum is not based on a full consideration either of the great need

for a co-operative service or of the present inability of the existing co-operative bodies to undertake with success the task of organizing such a service.

We are aware that we are treading on highly controversial ground when we approach the subject of the relation of co-operative bodies to politics. It has been proposed in articles printed some time ago in this Journal that "seats for co-operators are to be provided on Local Boards, District Boards and even on Legislative Councils." In the face of certain recent developments who will deny the benefits of teaching the great agricultural community how to co-operate with the Government for the welfare of India? Agriculture, as the primary interest in India has the best right to be represented on the national councils; and where can the agriculturist find representatives as well trained at once to the practical work of life and to deliberation for common welfare as among the leaders and guides of the co-operative bodies. The opposite theory is put forward by Mr. Strickland who argues that "to give co-operators as such a seat on any administrative or political board, unless its functions be purely economic, will recreate faction." To this the obvious rejoinder is that in times of rather strong political antagonism the opposition of parties is sure to be reflected in the meetings of co-operative societies in any case. The strongest argument for our points of view is that the political education of India is about to be pushed forward at a very rapid rate and that if that "aristocracy of rural classes"-the co-operators are not brought forward into due prominence the political power of the great and conservative agricultural element might remain for a long time unduly undeveloped and backward.

The evils of the excessive fragmentation of rural holdings are admitted on all hands. In this connection the experiences of Mr. Otto Rothfeld, I.C.S., Registrar of Co-operative Societies. Bombay, are worthy of note.

Referring to Co-operative Societies of agricultural labourers in Italy known as the "Affibanze Collective," the object of which is the leasing in common of land for cultivation and in most cases its exploitation in common, Mr. Rothfeld says that the system is one of vast possibilities. It may be that in common cultivation will be found a solution of the problems of Indian rural poverty and unimproved cultivation, which centre round the disputed issues of the "uneconomic holding" and "excessive sub-division of property." Such a solution, he says, would avoid a "revolutionary interference with traditional rights of succession, so often recommended by light-hearted reformers of the non-farming classes, and would not bring in its train those consequences in the way of limitation of families which may be anticipated if legislation interferes to disinherit younger children."

The date of the Bengal Provincial Co-operative Conference has been fixed for 26th February. The Conference will be opened on that date at 11 a.m. by His Excellency the Governor. The Committee of the Bengal Chamber of Commerce have agreed to allow the Conference, to be held in the Chamber, if a more suitable hall cannot be found.

The number of Co-operative Societies during the fortnight ending 31st January, has risen to 5,942, 53 new Societies being registered, and 6 placed under liquidation during the fortnight.

The Chatra Serampur Society and the Belebhera (Midnapur) Union, Limited, have held their annual meetings; the former declared a dividend of 10½ per cent. and the latter recorded considerable improvement during the year.

The Feni Central Bank declares a dividend of 7½ per cent., with a profit of Rs. 2,060 for the year ending 30th June last.

The Deputy Registrar visited Rangpur to look into the working of the Burirhat Society. It has been suggested that the Society should undertake the preparation and sale of tobacco, grown by the members, thereby ensuring the cultivator a good price for his crop and at the same time encouraging the growing of tobacco in the district. The project is however, too large to be undertaken by the Society in its present state, and must wait until more local support can be found.

We are glad to note that a Branch of the Bombay Central Co-operative Institute has been started at Poona accepting the objects of the Institute generally, but reserving to itself the necessary freedom to introduce new features in its work. We are anxiously looking forward to the day when the B. C. O. Society will have its branches scattered throughout the Presidency to carry the uplifting message of co-operation into the very nooks and corners of the Presidency. Khulna and Dacca have long been discussing the advisability of starting such branches! We would earnestly appeal to the co-operative leaders of these places to expedite matters and start the branches at an early date.

We find that the promoters of the Poona Branch of the Bombay Central Co-operative Institute are going to request Government to supply one of their trained hands from the Co-operative Department on loan to work under the Board of the Poona Branch as its executive officer: the salary of this officer is to be borne either wholly by Government or partly by it and partly by the main and branch Institute. We think this is an eminently reasonable request: co-operative propaganda is as important as any other work of the Co-operative Department; and the Department would gain by delegating its propagandist functions to a non-official body like the Institute. We would make a similar appeal to our Government to help the B. C. O. Society by placing at its disposal the services of a trained Inspector of Co-operative Societies.

The audit order on the accounts of the Madras Central Urban Banks, Ltd., for the co-operative year ending the 30th June records that the Bank continued to do excellent work, and the Directors are once more congratulated on another successful year. The number of individual members (Preference shareholders) at the end of the year under review was 377. The Society members increased from 75 to 83. The paid-up share capital of the Preference shareholders continued to be Rs. 2,00,000; while the ordinary paid-up share-capital increased from Rs. 32,860 to Rs. 1,44,120. This increase was due to the Central Banks taking a large number of shares. The fixed deposits held by the Bank increased from Rs. 35.19 lakhs to Rs. 38.82 lakhs. was substantial increase under all other heads with the exception of current deposits, in which there was a slight fall. The total amount of loans disbursed to Societies, Central Banks, and individuals during the year was Rs. 16,06,361; and the amount outstanding against them at the end of the year was Rs. 51,70,201. Owing to a fall in the market value of Government Securities, the Bank had to write off Rs. 24,04,615. Deducting this amount, the net profits of the year amounted to Rs. 45,10,710. In consideration of the fact that a large amount of share capital has yet to be secured for the bank, the Registrar does not propose to extinguish this year any of the Preference shares from out of surplus profits.

The Mysore Government have issued a notification naming the personnel of the Co-operative Committee, which is to gather evidence on the progress of the movement and indicate the lines, on which further progress should be based. The committee will consist of the Hon'ble Mr. Lalubai Samaldas, C.I.E., President, Rao Saheb Devadhar, M.A., of the Servants of India Society, Mr. Adinarayana Chetti, Bar-at-Law of Salem, Rao Bahadur M. Shame Rao, M.A., retired I. G. of Education, Mr. Karnick Krishnamurthi Rao, Mr. Zahiruddin Meccai, B.A., Deputy Commissioner of Kolar, Mr. C. Subba Rao, B.A., B.L., Advocate, Shimoga, and Mr. R. Ranga Rao, B.A., B.L., Registrar of Cooperative Societies, Secretary of the Committee.

# RATE OF PROPAGATION OF CO-OPERATIVE SOCIETIES IN BENGAL

By Mr. J. T. Donovan, i.c.s.

There have again been some criticisms of the rate of progress of the co-operative movement in India on the lines of the criticisms of the late Major Jack and Sir Daniel Hamilton some years ago and it is necessary in the interests of the public to state again the correct conclusions to be drawn from the annual figures published by the Government of India and the local Governments. arguments in this paper are based on the figures published by the Government of Bengal but they apply equally well to the other provinces and the whole of India. The latest of the criticisms which it is intended to refute here is to be found in Capital of the 23rd December, 1920. It runs: - "During the first 15 years it (the co-operative movement) has brought within its fold only 1,235,891 members and at this pace it should take over a century to acquire as members only 10 million souls out of the countless millions it is intended for. This snail-like progress is due partly to its meagre financial resources, which are altogether inadequate for a system of credit that is concerned principally with long term agricultural loans and partly to the fact that intending co-operators fail to see the attractive nature of the relief it affords." Whoever wrote that paragraph must have written it without studying the statistics which he is criticising in relation to the. corresponding statistics for previous years, without which they are utterly incomplete and useless. Statistics are generally of value only in so far as they are comparative and that is why they are so assiduously kept up from period to period. By comparisons which they render possible they furnish guidance for the future. To take statistics of a movement like the co-operative movement for one year and draw conclusions from them would be something like a rain insurance company basing its premia on the rainfall of one vear

It is proposed to examine here the co-operative statistics of Bengal for all the years for which they are obtainable. Bengal was reconstructed in 1912 and we have thus the figures of 9 years to guide us. To get the figures since 1904 when the 1st Act was passed it would be necessary to consider three sets of figures for three different provinces, to make readjustments and many additional calculations and even then there would remain some confusion and uncertainty. This much, however, is certain that, while an examination of the accurate figures of the past nine years is quite sufficient for our present purposes, the extension of the scope of our enquiry to the figures for the previous 7 or 8 years would only strengthen the arguments to be put forward.

Before, however, proceeding to examine the figures it is necessary to refer to some of the statements in the criticism quoted from Capital. The critic makes much of the 'countless millions' for whom co-operation is intended as if the benefits of co-operation can only reach a person who has become a member of a co-operative society, when, in truth, the benefits reach directly to 6 or 7 persons for every member, as usually it is only one member of a family who joins the co-operative society, and indirectly the benefits of co-operation reach a much wider circle for every man who joins a society. Again out of the 'countless millions' the Act (II of 1912) makes it clear that co-operation is intended for those who are agriculturists, artizans and persons of limited means. Finally out of the 'countless millions' there are obviously many millions whose circumstances and habits make it impossible to extend to them the benefits of co-operation. Thus if we took the population of Bengal as between 40 and 50 millions and made the necessary deductions we should possibly find not more than 30 millions to whom the benefits of the Co-operative Societies Act were intended to apply and if we remember that these benefits apply to a whole family when the bread-winner of that family becomes a member of a society we shall probably find that the maximum number of members we can ultimately contemplate in Bengal is not much in excess of 5 millions. It is true that as societies for different purposes are formed we may have one man counted as a member several times over. This is notoriously the case in Denmark and it is appreciably so in one or two provinces

in India. The extent to which this has happened in Bengal is, however, negligible and we shall be very safe in adhering to our 5 millions as our ultimate maximum, for the reason that our development is so rapid that we shall have reached the maximum almost before we have had time to introduce to any great extent the many varieties of co-operative societies which it is desirable to introduce

The other statement in the criticism quoted which deserves special notice before we proceed to examine our statistics is the reference to 'meagre financial resources' as a cause of 'snail-like progress'. It may be possible some time to deal with the finance and the source of finance of the co-operative movement and even to differ respectfully from some of the conclusions of the Maclagan Committee, but here it is only necessary to say that, whatever the state of affairs in other provinces may be, there is no dearth of finance for the co-operative societies in Bengal. Within the last two years several of the Central Banks of the province, as widely scattered as Bakarganj, Faridpur, Mymensingh, Tippera, Dacca, Jessore, Nadia, Midnapur and Chittagong have found that they have received, and continue to receive in spite of rates reduced to what are becoming ordinary rates for gilt-edged securities, more deposits than they can utilize even in spite of the rapid rate of expansion of the movement which will be demonstrated later. This reference to finance is certainly as far as Bengal is concerned a misrepresentation, though, doubtless, an unconscious misrepresentation. The time is past when co-operative societies in Bengal found difficulty in raising their finance and there is a serious danger in the facility with which they now obtain more than they require. We may account it for grace to the critic, however, that he is right in saying that the failure of those, for whom it is intended, to realize the benefits of co-operation has a retarding effect upon development, but this very failure is due to ignorance and a more rapid extension of societies with this ignorance prevailing would most certainly be dangerous.

We may now proceed to deal with the statistics of the past 8 or 9 years. In the first table below are set out the total number of co-operative societies in Bengal, the total number of members of these societies and the total capital of these societies, at ten annual

periods in the last ten years in Bengal. If we adopted Capital's method of dealing with the statistics that is to say, if we considered the statistics of any one year without reference to those that preceded it, we might in 1920 be able to argue, as Capital did, that it would take two centuries to extend the benefits of co-operation to all who deserve it in Bengal. Going back to 1914 we should be able to say not 'two centuries' but 'seven centuries' and in 1912 we might have said 14 or 15 centuries. Between and 1914 Major Jack argued that it would take 1,000 years to spread the movement to every home that should know it in Bengal. Now the critics come down to a century or two. In another eight years they will be down to a prophecy of 20 or 40 years delay. mathematical examination of the statistics, however, and the conclusions that a mathematician must draw from them will show that it will take little more than 12 years from now even if the 'snaillike progress' continues without any acceleration, to have 50,000 societies in Bengal and in 1936, no very distant date, the same mathematical reasoning will lead to the contemplation of something like 100,000 societies in this province, or a society for every village, the co-operative millennium of Sir Daniel Hamilton's Similar reasoning will show that by 1936 the membership of co-operative societies in Bengal will not be far short of 4 million people and giving the latest organizations then a few years to get into working order and increase their membership the maximum of 5 million members will not be long delayed after 1936. By the same process of reasoning it will appear that the capital of co-operative societies in Bengal should in 16 years from now approximate to 50 crores of rupees, quite a respectable sum to be attained by 'snail-like progress'.

There is no attempt to prophesy here that these magnificent results will be realized. The experiences of the world since 1914, the report of the Currency Commission for instance, show the dangers of prophecy. What is asserted here, however, is that the only mathematically accurate deductions to be made from the statistics of the 'snail-like progress' of the co-operative movement are not those made by the critic in Capital but those which are made in this paper. It is wrong to take the statistics of any one year and assume that the progress of the movement is an arithmetical pro-

gression of which those figures represent the first step. This way of treating the statistics would be right if we were, say, building a brick wall round the borders of India with a given number of masons to do the work. We could then say that if the masons build so many yards of wall in one year or five years or fifteen years, it will take so many centuries to complete the task. But co-operation is no dead wall. It is a living force. It propagates itself and the more it spreads the greater the number of builders grows. The proper way to treat the statistics is to set down all our figures from year to year beside each other and to draw conclusions from a consideration of them all.

The mathematician will place the figures in a graph and then even the ordinary mortal, who may not be a mathematician, will be able to see at a glance to what goal the figures lead. graph he will draw a tangent to the curve of societies at the point representing the position on the 30th June, 1920. This tangent, as mathematicians know, will, if produced, show what will occur of the 'snail-like' rate of progress on the 30th June, 1920, remains unchanged. Producing this tangent he will find the point at which it intersects the ordinate for the year 1936 and that point will give the number of societies which should exist then. number will be found to be quite satisfactory. It may happen of course that the rate of progress may increase, in which case the number will be reached before 1936, and it may happen that the rate may decrease, in which case the number will not be reached until after 1036. One may not prophesy. On the data, however, and assuming no change, the year 1936 should see, according to the mathematician, 50,000 societies. And it will be immediately obvious from the graph that the talk of 'centuries' has no foundation in the data of the problem.

Beside the curve showing the increase of societies the corresponding curves of membership and working capital might be plotted. These curves in general would bear the relation to the societies' curve which we should expect in normal development. Thus we should expect that as societies increase so should membership. Till 1913 the curves would be quite normal. In the period 1913-14, however, there would be a sudden rise of membership the explanation being the sudden increase of Central Banks which

made finance more easily obtainable and anturally drew recruits to the societies. From this period to 1916-17 the curves would have again a similar slope but in 1916-17 they would cross once more showing a decrease in the number of members in each society. This is explained by the liquidation of some old societies with large membership but chiefly by the recommendation of the Maclagan Committee that membership of rural societies should not ordinarily exceed 50. The great increase in the number of societies in 1016-17 was partly due to splitting up old large societies to comply with the Committee's recommendations but mainly to the relaxation of the control imposed by the Registrar on organisation when war broke out. From 1917 to the present date the curve of membership would diverge more widely from the curve of societies showing a still further reduction of the number of members in each society but this is due to the fact that more than half of the existing societies have sprung up since 1917 and young societies have naturally less members than old societies.

The curve of capital would cross the curve of members in 1913-14 and cross the curve of societies in 1914-15, a direct result of the increase of Central Banks due to the Act of 1912. From 1913 onwards much of the capital of the movement is counted twice, once in the working capital of the societies and once in that of the Central Banks. From 1917 when the Bengal Provincial Co-operative Federation was formed a part of the capital was counted even three times, viz. in the Provincial, the Central and the Primary Societies, but this portion was only about one-twelfth of the whole. Allowing for this, however, the curve would show a steady increase of capital per member and per society. There would be a slight sagging of the curve of capital in 1916, the only appreciable effect of the war on the finance of the movement revealed by the graphs.

If a second series of graphs showing the state of affairs in primary agricultural societies only were plotted it would be seen that capital followed membership pretty steadily in these societies too, but naturally, owing to the increase of societies with smaller membership since 1917, the capital per society would show a falling off. Latterly, however, it would show a very distinct tendency to rise. The depression in capital in the year 1916 would also be evident in this curve.

If a third graph showing the state of affairs in regard to Central Banks were plotted it would show a decrease in capital per Central Bank in 1914-1916, when many Central Banks were new, followed by a distinct rise in capital per Central Bank, which still continues. The two curves would appear to be about to cross each other about 1921, the capital curve rising faster than the Central Bank curve and showing that there is not only no dearth of finance but an actual abundance of it. The approach of these two curves would be the graphical expression of a fact already referred to, viz., the great increase in deposits in Central Banks which has manifested itself in recent years.

On more than one occasion in this paper reference has been deliberately made to the rate of expansion in Bengal as rapid, and this in spite of the fact that the critics call it 'snail-like progress'. Danger has already been indicated in this paper and it arises from the abundance of the capital now forthcoming and from the peculiar nature of the co-operative society, especially the credit society, and the peculiar circumstances of the people among whom these societies are being organized. If any critic of the movement who speaks of 'snail-like progress' is disposed to smile at the use of the word 'rapid' he would do well to look into the history of the co-operative movement in other countries where he will find nothing to equal the multiplication of societies which the first 15 years in Bergal have witnessed. Why, in Ireland they were quite a number of years at work before they had 100 societies and in Germany they were not much more rapid at first.

Central Banks, the financing institutions in the present co-operative credit system in Bengal, are receiving more deposits than they can well utilize. There are two steps indicated to meet this situation. The Central Banks must reduce the rates of interest they offer and they must expand their business and organize new societies. The first of these steps has been taken and there is hardly a Central Bank in Bengal now which offers rates of interest on deposits fixed for periods of four or five years that exceed by more than ½ or 1 per cent. the rates offered by Government for Treasury Bills or loans and those offered by Bombay Corporation on its loan. Many excellent debentures and preference shares in Calcutta bring higher rates of interest to

their holders than are offered by Central Banks on their deposits. And yet the Central Banks get more deposits than they can utilize, showing, of course, that the moneyed people of Bengal are hungering for banks into which to put their money. The Central Banks nust go on reducing the rates they offer as long as they continue to get funds in excess of their requirements and perhaps they will be able to check the tendency to increasing interest which we are witnessing in commercial transactions and in regard to Government and semi-Government loans.

The second step which the Central Bank must take is to expand its business. It is in the temptation to do this merely in order to employ its funds and to do it carelessly that danger lies. It is necessary in considering this point to realize clearly what a Central Bank is. That ordinary Central Bank in Bengal is an association, membership of which is open to co-operative societies in a certain area and individuals resident in the same area, the co-operative societies holding the ordinary shares and the individuals the preference shares. The co-operative societies are further entitled to borrow on certain conditions from the Central Bank, which, while it receives deposits from any source, can lend money only to co-operative societies and can do practically no other form of business. This arrangement by which the Central Bank consists of individual shareholders and society shareholders is not purely co-operative arrangement. It it a compromise temporarily adopted owing to the peculiar circumstances of Bengal. The really co-operative arrangement would be to confine membership of the Central Banks to societies only, but, as the societies could not produce the human material necessary for the management of the larger institution, it was found necessary to resort to the compromise and admit to membership gentlemen who could provide the management of the Central Bank, giving them preference shares in it. This unco-operative arrangement is only temporary and some of the older Central Banks which are now strong enough to pay for expert management are buying back their preference shares and reissuing them as ordinary shares to their Some Central Banks never adopted the compromise but an on purely co-operative lines from the beginning aided by a few honorary workers.

It has been made clear that the really co-operative type of Central Bank is the type to be aimed at but even with the present compromise it would be necessary to make very little reservation to the argument to be pursued. The objects of a Central Bank are to finance and supervise its societies and to propagate the cooperative movement in its own area. If it is to deal with its societies it must know them and if societies are to unite in an association like a Central Bank taking certain, albeit limited, liabilities they must know with whom they are sharing the liabilities. The position of the societies in relation to the Central Banks must be something like that of the members of a society in relation to the society. This analogy, however, must not be pressed too far. The point to be made is that the Central Bank must be in a position to know its societies well, to see that they are utilizing their funds properly and generally to supervise them and this will be especially true of a Central Bank consisting solely of societies. Now the danger of rapid expansion merely to utilize funds lies in the neglect of these essential precautions. The Central Bank with its limited abilities (for the preference shareholder even cannot ordinarily devote much time to it) may "bite off more than it can chew" and get into difficulties. The Central Bank's capacity is limited. To dissipate its energy over a large area would be dangerous. Allowing for the capacity of a Central Bank not merely to finance its societies but to perform its other functions, especially the function of supervision, which it must perform as long as it lends other people's money to its societies, we shall see that expansion cannot be much more rapid without considerable danger. If credit societies are to go on multiplying Central Banks must be multiplied too. In other words the Central Bank must work in a smaller area. This, however, brings us to a matter which may well form the subject of another paper.

Circumstances have rendered it impossible to reproduce the graphs referred to in this paper but any one who is sufficiently interested may make them for himself from the figures in the appended tables. Those, however, who may have neither the time nor the inclination to plot the graphs may notice that if they take the number of societies in any year from 1911 onwards they

will not generally have to proceed more than three years further down the table to find that the number of societies has been doubled and in no case will it be necessary to go four whole years to find the number doubled. This means that we are doubling the number of societies in a period of from 3 to 4 years. Let us assume the worst, four years. There are 6,000 societies on the 1st January, 1921. There should be 12,000 on the 31st December, 1924; 24,000 on the 31st December, 1928; 48,000 on the 31st December, 1932 and 96,000 on the 31st December, 1936. There is certainly more reason to place this interpretation on the figures than to say that because it has taken 16 years to organize 6,000 societies in Bengal it will take 256 years to organize 96,000 societies. Societies breed societies and that is what the critics fail apparently to realize.

TABLE I.

Date.		No. of societies.	No. of members.	Working Capital in lakhs.
31st March, '11	•••	718	29,506	14.97
30th June, '12	•••	943	40,636	26.08
30th June, '13	•••	1,123	56,889	46.07
30th June, '14	•••	1,661	90,363	89.41
30th June, '15	• • • •	1,992	1,07,116	1,10.02
30th June, '16	• • •	2,243	1,21,833	1,24.48
30th June, '17	•••	3,086	1,43,448	1,51.61
30th June, '18		3,643	1,62,986	1,93.30
30th June. '19	•••	4,25ó	1,79,007	2,30.80
30th June, '20	•••	<b>5,4</b> 08	2,17,175	2,82.62

1st January, '21 ... 6,000 (approximate)

TABLE II.

AGRICULTURAL SOCIETIES.

Date.		No. of societies.	No. of members.	Capital in lakhs.
30th June, '12	•••	871	30,756	14.71
30th June, '13	•••	1,039	42,553	22.77
30th June, '14	•••	1,543	71,282	44.11
30th June, '15	•••	1,855	85,559	52.95
30th June, '16		2,067	94,074	56.94
30th June, '17	•••	2,857	1,10,961	67.07
30th June, '18	•••	3,374	1,25,590	80.51
30th June, '19	•••	3,923	1,34,755	92.35
30th June, '20	•••	4,977	1,57,159	1,11.36

# TABLE III.

Date.	N	umber of Central Banks.	Working capital in lakhs.
31st March, '11	•••	5	
30th June, '12	•••	12	6.25
30th June, '13	•••	17	13.74
30th June, '14	•••	33	32 49
30th June, '15	•••	38	40.88
30th June, '16	•••	39	46.49
30th June, '17	•••	47	58.90
30th June, '18	•••	53	82.30
30th June, '19	***	59	1,02.24
30th June. '20	•••	65	1,23.63

# A NOTE ON A SCHEME FOR CO-OPERATIVE TRAINING

By Khan Bahadur Asad-uz-Zaman, B.L., Asst. Registrar, Co-operative Societies, Bengal.

There cannot be two opinions as to the absolute necessity of a proper arrangement for Co-operative training of officers (vide Appendix to this Note below). The Department without this looks more like an association of auditors than anything else. Most happily the matter has been taken up for consideration and, I hope, the scheme will be an elaborate and efficient one.

Regarding the proposals, so kindly given me for a note, I have to observe as follows:—

Recommendation 1.—Examination should also be made compulsory for officers both of Government and Central Banks (including paid secretaries of Central Banks and Honorary Organizers) already in service for less than three years.

The Registrar should also be empowered to exempt any officer as well as any class of officers from appearing at or passing the examinations.

Recommendation 2.—I cannot agree to this recommendation in its entirety. It seems to ignore the fact that all Central Banks cannot possibly be persuaded for clear financial reasons to maintain a supervisor for every 25 societies. The minimum pay of a supervisor being Rs. 30 plus his Travelling Allowance the charge becomes an abnormal one and no Central Bank can be expected to meet it unless duly subsidised by Government. The Jamalpur Central Bank keeps a good many supervisors but all inspecting officers are decrying the establishment charge and the directors too, are at a loss as to how to curtail it. Still there are a considerable number of societies under each supervisor and their condition is anything but satisfactory. To act up to this recommendation the Central Bank instead of curtailing its establishment charges will have to make a considerable addition, to it. It also appears that these supervisors have a tendency to

become itinerant officers and no Central Bank, apprehending additional charges, is inclined to post them in the interior in the midst of societies in their respective charges. As soon as this proposal is made, the question of suitable accommodation and convenience arising, the directors in order to avoid further difficulties will prefer postponing it for good. It is quite well known that a supervisor when his headquarters is at a town very rarely stays more than an hour or two in a village. Only the other day the Chairman of an important village society made such a complaint to me and every one, perhaps who is intimately connected with the village societies will bear me out in this. The supervisor, therefore, cannot be relied on as a friend and guide to all the societies in his charge and he must under the circumstances be more or less, an inspecting officer visiting the societies once a half year or so to fill up his inspection notes. Illiteracy of the people needs also be taken into consideration. Everywhere much difficulty is felt to admit a literate person in a society to act as a secretary. Out of 1,700 societies in my charge secretaries of over 1,600 are unable to keep accounts properly and they stand in need of help in time of every distribution of loans or holding of meetings which, as far as possible, they are found to avoid. All officers without exception will admit that in writing or making correction of accounts, and deeds and pass books and other papers almost the whole of their time in a village is taken up and they hardly discuss or can hardly find time to discuss the principles at length. Year after year they are working in this way and the necessity of constant help to the societies continues as urgent as before. doubt, all these difficulties are considerably obviated if the supervisors' headquarters can be fixed in the interior and it can strictly be enforced that the Central Bank must not place more than 25 societies in charge of one supervisor. This, for reasons stated above, seems to me to be impracticable. A few more societies in a stated area where the maximum number of 25 societies has already been registered, would render it necessary for a Central Bank in accordance with this resolution to appoint at once an additional supervisor or it should prefer placing them in charge of the existing supervisor. Everywhere this is the case and the area of a supervisor is bound to become wider gradually.

This has been the case in Dacca, Tangail and other areas I would, therefore, prefer small groupings of 10 or 12 societies placed under an officer no matter by what name he is called. It is immaterial, provided the area is small, and we may call him an examiner or instructor or head secretary or supervisor or by any In Behar, if I remember aright, this system has other name. been advocated and the officer is designated as Instructor. long experiment with supervisor system the Dacca Bank has lately been obliged to divide the area into small groups, and I feel certain if these men are properly guided and controlled the area cannot but improve. This division gives a greater facility to a Central Bank to keep communication as a post card is sufficient to get information from a distant society. Where there is no group system in vogue it becomes necessary to send a supervisor from the headquarters. Similarly the societies derive equal advantage as through the examiner or instructor they get information in no time about their loap applications and other matters from the Central Bank concerned. In all meetings of societies this man remains present and renders them an invaluable assistance in time of distribution and realisation of loans. It is he who can give effect to all orders of the Central Bank and this Department in his area, otherwise they are seen very rarely to reach the ears of individual members of societies. He meets them in their homes at night, in the morning and also invariably on market days in village hats. This is not possible for a supervisor to do unless he becomes a man of the locality living in charge of a small group in the midst of it. We appoint Bhadralokes as supervisors and everywhere they are foreigners, and find it most uncomfortable to live in a village unless they are handsomely paid which it is generally beyond the power of a Central Bank to do. Where retention of a supervisor is preferred to this small group system, I would recommend to make his headquarters in the centre of his charge.

Let it not be understood that this division of societies into small groups placed each under an examiner or instructor is meant as an alternative proposal to that of the supervisor system. Considering that such groups are necessary for efficient management and control of village societies for reasons stated above, the Central Bank should keep a supervisor over 8 or 10 such groups

who will control the group Instructors and with their assistance keep vigilant eye over the working of each society in charge promptly taking action for non-payment or any other kind of irregularity. If there is only one supervisor for a group it is impossible for him to deal with irregularities of individual members of societies where such a course of action becomes necessary. I can cite hundreds of cases where similar irregularities have been occurring without any action being taken for their prevention or rectification. The supervisor whose duty it is to check them can hardly do it and he is satisfied by writing them down in the Inspection Book. A close examination of audit notes of village societies shows unmistakably that the same defects have been recurring year after year. All these happen for there is none on the spot to poke the members and they care little for the supervisor who cannot visit a society more than once a quarter. There are also many societies in all areas which the supervisor does not visit more than once or twice a year. Under the circumstances, the question of his giving practical help to a society in matter of rectification of irregularities is beyond all comprehension and not supported by facts. Where the secretaries of village societies are literate and take real interest in the management the group may be widened as it will not be necessary to look into the minute details and the group Instructor will by and by occupy the position of a supervisor now in contemplation. Nothing can dogmatically be asserted and I also do not do so in making this suggestion but I keenly feel the necessity of rendering much more help in the working of village societies than what has been possible to do by the appointment of a supervisor over an area of considerable size.

Recommendation 3.—I made a little attempt to train them up and consider it as mere waste of time and energy to try it in their homes by supervisors. When the supervisor will go the secretary will perhaps, not be at home or remain busy in his jute or paddy fields having no time to take such training. The few points explained by the supervisor are sure to be forgotten as soon as the supervisor will leave his house. I doubt not you fully realise that until the supervisor comes again after 3 or 4 months the secretary never opens the bundle of books and refers to the bye-laws except

when the Central Bank makes a fresh loan. Semi-literate as these secretaries are, the law of repetition must act as an aid to their memory. I have found that in their own homes being busy with their domestic affairs they are reluctant in giving time for undergoing necessary training and the supervisors' time is wasted for nothing.

Training at convenient centres is more practical and the little progress in this direction we could make in Comilla was by following this system. But it has also its drawbacks. It should be remembered that a village secretary gets virtually no remuneration and his position is no better than that of other debtors. Poor and needy as he is, he is always on the lookout for some gain and he grudges the time he gives in keeping accounts of the society. He feels it all the more when he is asked to attend a training class, regularly at a centre situated at some distance from his house. I would, therefore, suggest that

- (a) the secretaries who are almost illiterate and considered unfit to undergo training should not be permitted to attend the training class and every possible attempt should be made to replace him. Until this be done the group Instructor should keep the books of that society. This is actually being carried on in Bombay where, for the sake of economy, the Union Secretary acts as Secretary of one or two member societies.
- (b) The Secretaries will attend the class, and should be encouraged for so doing by granting of As. 8 or so daily.
- (c) The system of giving a certificate to each Secretary should be introduced testifying to the fact that he has undergone necessary training and is considered fit to keep accounts of a village Co-operative Society. This will be an encouragement and make a distinction between those who are trained and untrained and should be considered as necessary in sanctioning remuneration to the village secretaries.

But for the training of secretaries of future societies no

recommendation has been made and as to this I would suggest the following measure:—

A month or two intervene generally between the submission of an application for registration and the actual financing of a society. The application is registered, first meeting held by the Honorary Organiser and preliminary enquiries are held on receipt of a loan application as to the desirability of advancing the loan and all these would seem to require some time. I do not think that anybody can deny the fact that the eagerness the people show for their society at the outset undergoes a remarkably rapid change after the loan from the Central Bank has been secured and distributed. A good deal of work can be done and, perhaps, successfully, during the period throughout which enthusiasm continues unabated. Nowhere, in my experience have I found the secretary to refuse undergoing the necessary training. the members encourage him to do so and make a little sacrifice for their sake to which he gladly submits. He shows so much zeal that all costs are borne by him and never thinks of any allowances in case he is required to stay in a town or elsewhere far off from his house. This is the most suitable opportunity for giving a secretary the necessary training in his work and I would strongly urge that this period be fully utilised. For this it is necessary to have a training class attached to each union or Central Bank and as soon as an application is forwarded for registration the Honorary Organiser should order the Secretary-elect to attend the class and take his training on completion of which he will return to his society with the account books and a certificate of efficiency as stated above. This will obviate future difficulties in the matter of keeping accounts and particularly in submission of annual returns, etc. The officer in charge will feel greatly relieved and find time to look into other matters and to preach cooperation to members and non-members. At a time more than one society are sent up for registration and there is no reason for apprehension that the class in this season will not remain full and only for one secretary such a paraphernalia is necessary. It will not be necessary to hold this class in any other season excepting the period of organisation, if it is not found convenient, for the existing secretaries have been proposed to be trained up in respective centres. A supervisor ought to run the class and it will be the duty of the Circle Inspector to pay visits once or twice and give necessary directions. The certificate of efficiency should not be given to any one who will not learn to draw up the annual statements properly. Thus without the least difficulty the secretaries will be trained up in batches leaving the officers free for carrying the mission of Co-operation in new areas. The question of granting remuneration to the village secretaries is closely connected with this scheme which, in my opinion, needs be based on a sounder basis. His duties are, no doubt onerous about which J. R. Cahill in his masterly report observes as follows:—

"Although the nature of his work may be very simple, yet its volume is often by no means inconsiderable; keeping the ledger and the account books, entering every payment and receipt, drawing up monthly and annual statements, carrying on correspondence with the Central Bank, preparing documents and agenda for meetings of the committee and of the Board of Supervision as well as for the general meeting of members, attending at the same time, and looking after supply of agricultural requisites must, even in small societies, involve the expenditure of much time." In the majority of the German Societies the secretary is remunerated and we are told that "fixed payments" predominate. a society of our country if the Secretary honestly works the tasks, amongst others, of realisation of kists, examination of bonds from time to time with a view to take necessary legal action against defaulters and in case of weak security, involve the greatest When it is remembered that the Secretary is responsibility. virtually the only literate man in a society I cannot understand how the work can be entrusted to him and performed to satisfaction unless he is duly remunerated. There is no question as to the desirability of payment of any remuneration as in successive conferences the truth of the principle that the labourer is worthy of his hire has been recognised. I would, therefore, beg to suggest that the question in this connection should be taken up and considered as to how the secretaries can be best remunerated. will act as an impetus and encourage secretaries to go through the trouble of undertaking the necessary training.

Recommendation 4.- I do not think, the circumstances are

similar in both West and East Bengal, and the Training Board of Dacca should be independent of all at Calcutta and there should be one more Board at Nowgaon. Outsiders, e.g., agents of Zamindars and officers of Agricultural Department, should be allowed, if necessary, invited, to attend the lectures.

The suggestion of the deputation of an officer is considered as the backbone of the whole scheme. But one officer seems to me to be inadequate. In my opinion there should be one officer for this purpose of regulating training in each area of a Joint-Registrar.

Recommendation 9.—Regarding the question of taking deposits from the new recruits I have to say that this system has, perhaps, no parallel elsewhere. In my opinion, he should not be confirmed before passing the requisite test and the Registrar should have the power to expel him. In this connection I should like to add that the minimum qualification of a supervisor should be laid down so as to guard against undue favouritism.

In conclusion, I beg to add that in the proposed scheme of a training class provision should be made to send one or two secretaries of one area to another area where necessary in order to witness and judge for themselves the workings of model societies.

A similar system of training class which I have tried to explain in this note, would appear to have been followed in Bombay, since the year 1915. (Vide Bombay Co-operative Quarterly, December, 1917, page 137). It is an eight days' course ending in an examination and the successful candidates are given certificates. Those under training are allowed to visit some typical societies and the curriculum includes all the subjects we have in contemplation. A stipend of As. 8 a day has been recommended above for each person attending the class. But in Bombay the Government grant was Rs. 500 in one year, and all costs including Railway fares, boarding and lodging charges of these persons were met out of this fund. In the following year the grant by Government was increased to Rs. 700. Regarding the success of this class the Registrar in the Annual Report of 1916 made the following remarks—

"The effect of the class has been lasting and the Registrar has noted several cases where secretaries after returning from it

have improved their own societies remarkably. Proposals for placing it on a regular annual basis will be submitted to Government." No better recommendation than this can be given and I fervently hope that such training as proposed, will act miraculously in raising up the level of the societies.

#### APPENDIX

A meeting of the Sub-Committee was held on the 26th of July last in the B. C. O. S. Hall.

Rai Bahadur Dr. C. L. Bose in the Chair.

Dr. D. N. Maitra.

Babu Nabagopal Basu.

Prof. P. Mukherji.

Kumar M C. Sinha.

The Secretary read the recommendations made by a Committee of the B. C. O. S. at their meeting held on the 5th of September, 1919, in accordance with instructions contained in the Registrar's letter No. 566—T. C. dated the 17th of August, 1919 to consider the Resolutions of the Tenth Provincial Co-operative Conference on Co-operative Training.

Resolved that the following recommendation of that Committee be approved and the Secretary be requested to forward them to the Registrar for his consideration and for such action as he may consider necessary to take in the matter—

r. The Committee is of opinion that Training is necessary for the new recruits primarily and for officers both under Central Banks and under Government, generally of not more than three years' standing.

Both theoretical and practical training ending in an examination is necessary for new recruits. For officers (including paid Secretaries and Honorary Organizers) already in service for less than three years both practical and theoretical training is necessary. Officers working for ever 3 years should undergo training, if required, by the Joint-Registrars. Power of exemption should be retained by the Registrar for any class of officers.

2. Generally the societies should be divided into groups consisting of not more than 25 societies each placed under a supervisor in preference to an Examiner, which system the Committee does not recommend. If, however, a Central Bank can afford to pay, the circle of a supervisor can be further

divided into smaller groups and placed under Examiners, if efficiency requires it.

3. Village Secretaries and Supervisors should be trained first. The village Secretaries will be trained ordinarily in their homes by Supervisors and Auditors under direction of C. I. But Central Banks may arrange for their training at other convenient centres. Both the department and the C. B.s should make arrangements for this training with the assistance of Departmental Officers.

The curriculum proposed by Babu U. N. Sen is approved but circulars concerning the societies should be added to it and a treatise in easy Bengali should be compiled and made over to the B. C. O. S. for publication dealing with (1) Act (2) Rules (3) Circulars (4) Principles so far as they relate to the societies.

4. For the training of Inspectors, Auditors and Supervisors (Theoretical) there should be a Central Training Board in Calcutta organized by B. C. O. S. with either one training centre in Calcutta or preferably two, one in Calcutta and one in Dacca, both being Controlled by the Central Training Board in Calcutta.

The function of the Training Board should be as follows:-

- (1) to organize (if necessary) separate courses of lectures for (a) Inspectors, (b) Auditors, (c) Supervisors, (d) Hon. Organizers, (e) Paid Secretaries of Co-operative Societies, (f) Hon. Secretaries who are willing to undergo the necessary training.
- (2) to prescribe curriculla for different classes of officers.
- (3) to arrange for an examination or such other test of proficiency as may be decided upon by the Board. ...

The Committee recommends that an experienced officer of the Cooperative Department should be deputed by the Registrar to help the Secretary of the Board in conducting the affairs of the Training Class.

The Committee is of opinion that the course should be held some time in cold weather and the period of training should be not more than 6 weeks.

- 5. Those who succeed in the Theoretical test must be deputed for practical training to moffusil under circle Inspectors.
- 6. Outsiders may also be admitted to the training class in Calcutta or Dacca on such terms and conditions as may be determined by the Board.
- 7. There should be a chair for higher Co-operative instruction and research in the University and the University authorities may be moved to consider the recommendation.

- 8. In view of the fact, that Government Officers, viz., Inspectors and Auditors should receive instructions and in view of its importance in the sound development of the Co-operative movement, Government should bear the costs of the Training Class.
- 9. With regard to new recruits it is recommended that they should be given provincial appointment with subsistance allowance first and should be asked to deposit such a sum as may be determined by the Board. In case of failure to pass the tests the subsistance allowance paid to them would be deducted from their deposit. If they be given a second chance in case of failure, the expenses of their training should be borne by themselves.

## THE NATURE OF THE CONSUMERS' MOVEMENT

By Mr. Otto Rothfeld, i.c.s.

It is no exaggeration to say that the full bearings of the consumers' movement in co-operation have hardly so far been grasped in India except by very few thinkers. We may, indeed, claim that in the examination of the meaning of the movement and its practical implications under Indian circumstances Bombav is now leading the way. There are, it is true, in other parts of India distinct tendencies towards founding stores, and every co-operative store does, of course, imply to some extent the existence of a consumers' movement. But from what one hears it would appear as if those stores were either isolated phenomena or else were regarded merely as palliatives to a strained economic situation and not in their proper relation to recognized co-operative ideals. Bombay, of course, we must admit that our stores are still few and far between, and that they have mostly failed to achieve the success that one hoped. We may also perhaps admit that there are very few even of our leading co-operators who have fully studied the subject or assimilated the underlying ideals and principles. we can claim with some right that these principles have never been allowed to go into the back-ground and that in practice our stores are being shaped in conformity with the correct ideals of a consumers' movement. In other words who have not shirked Though we have not multiplied stores by any artidifficulties. ficial support and have not extended the movement by artificial appearances, yet there is cause to hope that our small beginnings, by being on sound lines, will rise in time to an imposing structure.

There are two aspects from which co-operative purchase can be regarded. There is first of all what in America has been very suitably called a buying club. The buying club is an association of a few middle class people usually farmers; to supply themselves with certain main articles of consumption at cheaper rates with some guarantee of purity by pooling their orders and their cash and sending one of their members to buy the articles at some whole—

sale dealer's or at the market-place. This method has its undoubted advantages for farmers who want to buy certain articles for their business purposes, for instance, manure or ploughs. can also be applied to a few leading articles of their daily consumption like wheat, rice, kerosine or salt. In all such cases they can. by clubbing their orders, paying cash, and sending a sensible member of their body to buy what they need, obtain a slightly better price and a distinctly better guarantee of purity. In such a case of course, there is no shop and there are no complicated accounts. Even if they go much further and buy not merely on an actual indent, but rather on an estimate of monthly or quarterly requirements of those few articles, they still do not need a shop which should be regularly open, but only a small store-house that may be open for an hour or two at a time once or twice a week. these are still mere buying clubs and in themselves do not lead any further. They are inspired by no ideals of any kind and have as their object merely a very earthly and utilitarian wish to gain pecuniary advantage. They are quite useful-things and when applied to agricultural implements or manure are certainly worth encouraging. But they hardly seem worth while taking a great deal of trouble about, and they can never inspire enthusiasm or lead to a real movement. To the cause of co-operation as such they are of very little help. The practical difficulties in India are for such associations to get in touch with the wholesale market on advantageous terms. Up till now I gather, there are few instances of such societies realy touching the wholesale market directly by themselves to any advantage. In one province, I know these stores have a very imposing superficial appearance of success, but investigation shows that the success has not been achieved by them but for them and enormous number of Government inspectors is maintained at the cost of the tax-payer, and it is these Inspectors who do all the buying and transport for the society. As far as one can see, the societies themselves do little more than say what they want and take it when it is supplied. This is hardly business, and I should be very much surprised if the proportionate cost of the Inspectors did not considerably exceed the profits earned by the In any case, it is obvious that a movement conducted on such lines can have no vitality. The only prospects that I can see

before it are those either of collapse when the Government aid is withdrawn or an indefinite burden of nursing at the tax-payer's responsibility.

In Bombay, at any rate, this is not what we mean by the consumers' movement. There are, of course, many who are still unable to lift their vision above a perspective of indefinitely multiplied buying clubs of this kind, and I suppose all of us would be quite glad to welcome such societies, partly because they do bring some small advantage to the cultivating class, and partly because we may hope through such beginnings to stimulate members to grasp the real ideals of the consumers' movement. But we would all agree I suppose, that such clubs could have this value only if they do their own work themselves and do not depend upon paid officials to do their business for them.

The real consumers' movement, however, starts with very different objects and ideals, and it is the real consumers' movement which we want in the Bombay Presidency, the most industrial and probably the most progressive part of India. The object of the consumers' society, or rather of the movement as a whole, is the gradual collective appropriation of all means of production by all consumers in common and the substitution of a collective method for the existing competitive and capitalist regime. This object is due not merely to a dislike entertained by the co-operative members of the movement to capitalism and to excessive individualism, but still more to the fact that they realise that all competition is wasteful and that it is the community as a whole which pays for the It is obvious, for instance, that if a hundred individual grocers are entirely unremunerative tax on the community, which pays it by buying at their shops; if in India we assume that the average income of such a grocer is about Rs. 600 a year, then Rs. 54,000 have been uselessly thrown away by the community which tolerates ninety such useless shopkeepers. But in addition to this direct loss there is a further indirect loss to the community. For if co-operative societies succeed in starving all these ninety retailers out of their business, then they will be forced to maintain themselves by productive labour instead of mere wasteful distribution. Each of them could probably earn at least Rs. 1,000 by productive labour and each of them could produce about eight to ten

thousand rupees worth of produce in the year by honest work. In other words, the community loses indirectly something like ten lacs a year by allowing them to continue as shop-keepers instead of forcing them to become producers. Here lies the greatest incentive to the consumers' movement. If the consumers by forming themselves into societies and adopting improved methods of distribution can stop the abuses of the present retail system, they will at once not merely save the community this wasteful expenditure for the subsistence of the present distributors, but will also profit the community by an enormously increased production.

From these first principles the following objects may be more narrowly deduced and defined. A co-operative consumers' society is one whose object is to procure articles of consumption, including houses, for its members. Such a society sets out to sell to members and customers articles of consumption bought by the society or manufactured by it. It also follows the principles of the Rochdale Pioneer Society by distributing its profits among its members at a pro-rata of the consumption of each members, and by appolying a part of the profits to works of social benefit on conditions determined by the bye-laws.

The immediate advantages of such a society are the following— First, it protects health by preventing adulteration, secondly, it lowers prices all round by its influence and example, thirdly, it provides its members with an easy method of saving by the bonus system, and fourthly, by its management it secures an education in administration for the working and the lower middle classes. It should be added that it is very seldom that a true consumers' society can really sell at the beginning at cheaper prices than those offered by the retail trade. The retail shop-keeper is after all an expert and can often undersell the society by fair means, while it will always be found that if the society tries to sell considerably below the market price the retail trader will beat the society by buying and selling the articles at a lower price, and, if necessary, The real point is to sell on business principles, but by economic management and by giving customers what they want, to secure a large profit which can be divided as a bonus at the end of the year. Now, it is clear that a society of this sort has its best

hopes for success in an industrial centre. First of all the need is greater there, and secondly, people are more intelligent. Even more important is the fact that in such a centre the wants of the customers are more numerous, so that the society can buy many more classes of articles and obtain a higher average profit by stocking articles with a high margin of profit as well as those articles, like every-day foodstuffs, which allow a very small margin only. It is or ought also to be clear that such a society should have no credit dealings. It must give no credits to its members or customers and it ought to require no credits to its members or customers and it ought to require no credit except those ordinary trade credits which are allowed during delivery of goods and for about a month afterwards. A quick turn-over is required, and no society is likely to prosper unless it turns over all its goods at least eight times in the year. For real success it ought to turn them over about once in three weeks. or ought to have loval members and accurate or fairly accurate estimates of their daily and monthly requirements, it should by an intelligent management find it easy to achieve this turn-over. the members are not loyal or do not supply fairly accurate estimates of requirements, the society in any case deserves to fail. deserves to fail because in such a case it is clear that public opinion has not been educated to the necessary point and that the ideals of a consumers' society are not yet understood. The society is, therefore, in such a case entirely premature. But if the right conditions exist the turn-over should be easy, and in that case no loans or credit of a permanent character are required. In fact, so far the experience of this Presidency has been than more societies have failed by being over-capitalised relatively to the turn-over than from any other cause. It is, of course, argued that by having a large capital, whether share capital or borrowed money the society can buy in bulk and, therefore, at cheaper price. To some extent this is true, but it must be remembered that even in respect of cheaper prices these are more easily obtained by well-known loyalty and reliability than by purchase in bulk, while on the other hand, the burden of interest on capital very soon outstrips all possible profits, if the stock remains on hand unsold. Moreover, the stock is not imperishable; each day that it lies in store takes

away some of its value and the stock that is not turned over each month may soon become unsaleable. And, lastly, too great a capital very soon leads to speculation. The society tries to buy cheap in order to hold the stock and sell dear. By so doing it may readily find that it has miscalculated and bought dear in order to sell cheap. Moreover, by yielding to the speculative temptation it has bowed down in the house of capitalism and abjured the principles of co-operation. All speculation is built upon wasteful competition, and a co-operative society should not yield to such temptations. From the business point of view also it is to be remembered that all sound retailing consists in adding a certain margin of profit to the wholesale price, whatever the price may be If, therefore, it were possible in practice to buy each morning and to sell evening, this margin of profit would be steady at all prices. This is not practical, but it is quite practical for the co-operative society to sell all its stock within a month, and within so short a period the chances of loss by speculative fluctuations of the wholesale market are reduced to a minimum, while the margin of profit remains fairly steady. The main lesson, therefore, from the business point of view for all co-operative societies is first to obtain a fairly accurate estimate of their members' requirements, secondly, to raise a capital not much exceeding the cost of these monthly requirements in the first instance, and thirdly, by this rapid turnover to abolish the need of credit except the short trade credits obtainable from the wholesale dealers to cover the period of delivery and partial sale. As business increases and more members join and other customers begin to frequent the shop, the estimates must be carefully revised every fortnight, and the capital gradually increased by obtaining further shares or deposits from members. And there will never be any difficulty in obtaining such a gradual increase of capital for a successful business. The main difficulty will be to restrain the capital within limits that each fortnight shows to be sufficient.

The real essentials for the consumers' society are, first, a thorough education in principle for all members and especially for the promoters and the managing committee of the society, and secondly, built upon this firm understanding of principle, the rigid and viccous loyalty of the members. It is only where this

loyalty exists that one can hope for accurate estimates of requirements, for a ready response by shares and deposits to the increasing. needs for further capital, for the hard and continuous work which is required from all members of the managing committee if the society is to be a success, and for the willingness to bear occasional loss without grumbling or bitterness when it has to be faced, as it may have to be, on account of mistakes or on account competition by the retail trade. Lovaltv in fact, the first and the last condition of success. With it but after it, is needed business capacity and the willingness to study business methods on the part of at least two or three members of the managing committee. With such conditions and in industrial centres, the consumers' movement is bound to succeed. And if it succeeds, it will have achieved for the working classes and the lower middle classes of this Presidency an enormous gain in the purity of the articles they use in their daily lives and in easy and economic distribution, and for the country at large a still greater advantage by the suppression of waste and by an increase in the numbers of skilled men set free for productive labour.\*

<sup>\*</sup>Reprinted from the Bombay Co-operative Quarterly, December, 1920.

### RECENT CO-OPERATIVE PROGRESS IN BENGAL

The number of co-operative societies in Bengal on December 1st was 5,837 and not 5,937 as reported previously. By the middle of December 63 new societies were opened and 5 old societies liquidated, the total now being 5,895. The liquidation proceedings of one society in Tippera came to an end and a surplus after paying all liabilities was given to the village Maktab. The demand for new societies especially in Dacca and Chittagong Divisions shows no sign of falling off.

Amongst the new societies in Chittagong was the Syedbari Urban Cooperative Bank Limited, recently registered for the benefit of the professional and educated classes of Syedbari and Nazarertila, and amongst the pending applications for societies in Dacca are some proposals for stores. The Dharmagola or Granary Society is being revived in Faridpur by the Honorary Organiser. The new Dharmagola being registered in Nagarkonda will be the first for several years.

In the Rampurhat Sub-Division a new union of societies was opened on November 29, under the Presidency of the Collector. The opening ceremony was attended by the representatives of 27 societies which go to form the union. The Assistant Registrar for the Presidency and Burdwan Divisions was present.

The Nimitia Fishermen's Society in Murshidabad is endeavouring to secure the lease of a Government fishery on the Ganges, and a new proposal for a fishermen's society is recorded from Dacca.

Manikganj, one of the newer Central Banks, has held its first annual meeting and paid a dividend of 9¾ per cent. The annual meetings of several other Central Banks are due now. That of Kalimpong has already been held. There are also many other co-operative fixtures approaching.

The Naogaon Societies recently invited the Director of Agriculture to come to Naogaon and to advise them in regard to the selection of about 300 or 400 bighas of land for a seed farm for the members of the Co-operative Societies and the public generally in those parts. The farm is to be modelled on the Government farms at district headquarters, and to be entirely financed by Naogaon Societies.

The Director of Agriculture visited Naogaon accompanied by Mr. Finlow the well-known fibre expert, who has revolutionized jute cultivation in Bengal, and the Registrar and Deputy Registrar. The Director selected a site for the farm which the societies are going to open. The committee of the societies have since accepted his selection and the preliminaries of acquisition have been eagerly begun. The societies are now approaching Government to depute an officer to their area as their agricultural adviser and they undertake to pay the whole cost of the officer's services themselves. The Director expressed the greatest satisfaction at the numerous demonstration plots of improved sugarcane, which the societies' members have spontaneously laid out this year. They obtained a few thousand cuttings of improved cane from Rajshahi farm last year and these were distributed amongst members who undertook to plant them side by side with their own cane. The result, now that the crop is up, is an occular demonstration for many thousands of people of the enormously superior yield of the new variety, and a demand for more ccuttings to supply which will severely tax the Agricultural Department.

The Registrar and Deputy Registrar recently inspected the Bankura weaving societies which are still prospering and some of the Bankura irrigation societies from which, if they are successful, great things are expected.

The return of Sir Daniel Hamilton to Bengal is an event of importance for co-operators here, but it is very unfortunate that, owing to his ill health and the shortness of his stay here, he could not deliver any public lecture as he intended to do.

### THE PABNA CO-OPERATIVE CONFERENCE

Communicated by the Secretary.

The sixteenth of January last may be called "the Co-operators' day in Pabna." No less than three Co-operative fixtures were fixed for that day All the different functions took place in the local Town Hall. In the morning was held the general meeting of the Pabna Co-operative Stores attended by a large number of the share-holders. The main defect was the smallness of capital and the unfavourable situation of the shop. Steps were adapted for remedying both defects.

In the afternoon was held the general meeting of the Pabna Central Bank. This was attended by the members representing the two hundred seventyeight primary societies and a large number of sympathisers of the movement. A beautiful song specially composed for the occasion was sung by a chorus Then followed a discussion about the pay of the supervisor and the distribution of the fixed portion of the profits available for charity. After a great deal of discussion the members of the rural societies agreed to allot Rs. 500 for sanitation and Rs. 500 for water supply for the society-villages and the balance of Rs. 500 was alloted to the Pabna water-works scheme. A dividend of Rs. 9\% per cent, was declared. The Collector-Chairman Rai S. C. Sen Bahadur delivered an instructive speech after which Dr. S. M. Ghosh, the Deputy Sanitary Commissioner, Rajshahi Division, explained to the members the main things to be attended to in connection with villagesanitation; illustrating his speech by magic lantern slides. Then thirteen watches, presented by the Bengal Co-operative Organisation Society, the Chairman, the Deputy Chairman, the Managing Director and some of the local officials and Zeminders, were presented by the Collector-chairman. The Industrial Societies exhibited their respective products, most of which were sold on the spot. Babu Suresh Chandra Shaha Choudhuri Zeminder of Parshodanga offered a gold medal to be presented to the best Co-operative worker in the District. Khan Saheb A. K. Kabiruddin Ahmad, the Joint-Registrar of Co-operative Societies, Rajshahi Division and Babu Bata Krishna Das, the Divisional Auditor were also present. Great enthusiasm prevailed and all these functions were a great success and showed that the masses when properly encouraged can intelligently work out their own destiny.

## CO-OPERATION IN BOMBAY

The number of agricultural societies continues steadily to increase, and rose during the year ending 31st March, 1920, from 1,648 to 1,993. The membership stood at 148,679 and the working capital grew from Rs. 81½ lakhs to Rs. 108 lakhs. About 30 per cent. of this represented owned capital. Members' deposits amounted to 25½ lakhs, reserves to 7½ lakhs and shares, mainly among societies in Sind, to a lakh. That the soc eties have succeeded to some extent in tapping local capital and establishing local credit is evident from the fact that about 24 lakhs of rupees have been raised as outside deposits. The rest of the capital, about 50 lakhs, was borrowed mainly from central financing agencies—a position of dependence which renders it imperative for these bodies o devise measures for meeting the financial requirements of the primary societies adequately and promptly and for maintaining closer touch with their affairs.

The number of central financial institutions, inclusive of the Bombay Central Co-operative Bank, was 14. The Bombay Central Bank, which commanded a working capital of 37 lakhs and has its operations spread all over the Presidency, is intended to be a Provincial Bank balancing the excess or deficiency in the capital of local central banks. That it has not yet assumed this position is due first to the fact that it came into existence before local banks were thought of and secondly, to the defective organisation of several of the new banks which unfits them to shoulder the entire responsibility for finance in their respective areas of operations. There were 13 local banks in existence at the close of the year. They commanded in the aggregate a working capital of 281/4 lakhs and had less than 21 lakhs on loan to primary societies as against a sum of more than 30 lakhs outstanding to the Provincial Bank. That these banks spent less than 14 thousand rupees on management is indeed a matter for regret, for it shows that those responsible for their conduct do not appreciate the role which local banks have to assume in the direction of co-operative finance and the responsibility that attaches to them for the efficient discharge of their functions of finance and supervision. Mr. Rothfeld appears to assume that by prevailing upon district banks to open branches, by increasing their share capital by artificial methods and by obtaining for them larger funds from the Provincial Bank, the problem of

agricultural finance will be practically solved. In this view he is much mistaken, for agricultural finance demands the application of business methods and postulates the maintenance of close touch with primary societies, both of which factors as Mr. Rothfeld himself admits he has found lacking in most district banks as at present constituted. No striking developments are recorded in the direction of agricultural co-operation for purposes other than credit. There were 102 non-credit agricultural societies at the end of the year, among which may be mentioned 26 societies for the supply of manure, 19 for the supply of seed, 13 for the supply of implements and 8 for the sale of produce. These too have suffered from lack of financial facilities and business-like management. Non-agricultural credit societies continue to develop on sound and progressive lines. There were 273 nonagricultural societies with a membership of 63,000 and a working capital of 70¼ lakhs. Hardly three lakhs of this was drawn from financing agencies. Forty laklis represented shares and members' deposits, three laklis reserves, and the remaining 24 lakhs were raised from non-members. Included in this group are diverse types of societies ranging from the small sweepers' society with an unlimited liability and doing a modest business of a few hundreds to the large urban banks or employees society or communal society based on limited liability and commanding capital varying from a lakh to twenty lakhs. Though approving of the communal type of society, Mr. Rothfeld looks to the urban societies, corresponding to peoples' banks in Italy and elsewhere in Europe, to provide those modern banking facilities without which the development of the indigenous industries, trade and commerce of the different centres in the Presidency is seriously hampered. Through this agency, he hopes to see developed a banking organisation for the bulk of the community run by the people and for the people.

Entirely distinct from the organisation of agricultural and urban credit is the movement of consumers' co-operation which has only in recent years been introduced in this Presidency. At the end of the year there were in existence in this Presidency 50 consumers' stores and one central society for the supply of their requirements. Mr. Rothfeld however seems to think that there has been an inadequate appreciation of the principles underlying the movement of consumers' co-operation and that this want of education has led to certain erros of policy and practice which might have a blighting influence on future progress. In passing this judgment Mr. Rothfeld is hardly fair to his predecessor in office who fostered the new movement and to the Government of Sir George Lloyd which blessed and encouraged it

and actively associated itself with the project for a wholesale society for the supply of the requirements of consumers' societies. To the general public and the unofficial leaders of the movement Mr. Rothfeld is less than just in his criticism. The desire for consumers' societies was neither fictitious nor arising out of "a clamour for cheap foodstuffs", as Mr. Rothfeld imagines. It was genuinely based on the anxiety to devise measures to check profittering and to control prices, not through State action, but by the colletive organisation of the entire community of consumers. And societies were started and conducted by men who truly believed that the co-operative consumers' movement alone would lead the people out of the vicious circle of higher wages and rising prices. These leaders did not possibly grasp the significance of the new movement in the clear logical manner Mr. Rothfeld defines it, nor did some of them appreciate the difficulties of administration or the influence of the fundamental principles of the movement on practice and policy, but to suggest, as Mr. Rothfeld does, that the movement lacked the spirit of sacrifice, the spirit of loyalty, the spirit of independence and other spiritual qualities which go towards the building up of a great organisation is indeed very wide of the mark. Similarly, Mr. Rothfeld is wrong in believing that the project of a wholesale society was pushed through in the rush of the Provincial Co-operative Conference. The inspiration was derived from some remarks made by Sir George Lloyd while presiding in August 1919, at Mr. Devadhar's lecture on "The Message of Western Cooperation" and the scheme had been under consideration for some time before it was adopted at the Conference. It was subjected to detailed examination after the Conference and emerged in its final shape after several informal discussions between officials and the promoters. That the financial basis of its operation was not closely scrutinized is a matter for regret and the regret is all the keener as it is in this respect that a wider divergence of opinion manifested itself. So great was this difference of opinion that the institution which was ushered into existence amid the blessings of the head of the Local Government and with the active support of the Co-operative Department has had to suspend its operation and the movement of consumers' co-operation now sadly suffers from the absence of a responsible and reliable co-operative agency for the wholesale purchase of their requirements. Idealist as he is, Mr. Rothfeld looks to a federation of the Societies being organised to supply this want. But federation connotes identity of interest and strength of will. These are naturally found lacking in a new movement and so is business acumen; at the same time the movement, it must

be recognised, needs a central organisation. That is the problem which Mr. Rothfeld and co-operators must face, and face immediately, if they wish to see a strong consumers' movement develop in this Presidency. –Times of India.

# CO-OPERATION IN THE UNITED PROVINCES

The following is the Government Resolution on the working of the Co-operative Societies in the United Provinces for the year ending the 30th June.

The Registrar's report of the year 1919-20 bears the impress of the agricultural prosperity of the period. Owing to good harvests, the cultivators had less need than usual for loans and old members generally repaid more than they borrowed. Realisations from members of agricultural societies increased by 12.42 lakhs; outstanding arrears were reduced by nearly 9 lakhs, and the number of agricultural primary societies rose by 312. But for the liquidation of 343 moribund societies which are a heritage of the past the net increase would have been 655.

There are reasons for thinking that the financial position of agricultural societies is becoming slowly stronger. The proportion of owned to total working capital has risen from 40.7 per cent. to 43.5 per cent. There is still unlimited scope for non-official workers who are willing to control and supervise agricultural societies in localities where they have personal knowledge of the members of the societies. It is largely owing to the lack of touch between the directors of the district central banks and the agriculturists that many primary societies have failed.

In the sphere of non-agricultural co-operation, whether for credit or other purposes, progress has not been very marked. The number of trading societies has only increased by three. College stores; of which there are four in the province, have not come up to expectations. Co-operative credit is no doubt of considerable educative value to students, but it seems doubtful to His Honour whether students can spare the time to run stores on a business scale without detriment to their work. He is not aware of any college in England where such co-operative stores are successfully managed by the students themselves. On the other hand similar associations formed by subordinate Government officials are, in many cases, prospering. Two housing schemes for subordinate Government officials and others at Cawnpore and Lucknow conceived on co-operative lines seem to have received good support and their progress will be watched with interest. Traditional preference for private ownership proved an obstacle at Lucknow,

but a solution of the difficulty has been found in a hire purchase scheme which will enable all partners in the venture ultimately to own houses.

The policy of caution which has now been on trial for two years has justified itself by resulting greater stability of the movement. Recovery and consolidation must form a necessary prelude to sound progress. The future of the co-operative movement depends very largely on non-official interest and non-official effort. His Honour regards it as a hopeful sign that both have been forthcoming in substantial measure and Governor is confident that as the movement becomes more widely known the response of the educated public to his appeal will be more ample and effective.

Sir Harcourt Butler thanks the Registrar, Khan Bahadur Shaikh Maqbul Husain, C.I.E., and his lieutenants for their careful administration. His Honour also wishes to associate himself with the touching tribute paid on behalf of the department by Mr. Maqbul Husain to the memory of the former Registrar, Mr. R. W. D. Willoughby, whose tragic death is fresh in the memory of the people of this province.

## **CO-OPERATION IN MADRAS**

In my last letter I reported the inauguration of a Catholic Co-operative Housing Society. The decision was taken after a representative meeting of catholics of Madras at which Mr. F. A. C. Rebello, Deputy Accountant-General of Bombay, delivered a lecture on catholic co-operative housing societies. Although housing conditions in Madras, he said, were not as bad as they were in Bombay yet it appeared to him that a building society for catholics was not the less necessary in Madras. The catholics of Bombay were richer than their brethren in Madras, but a building society was intended neither for the very rich nor for the very poor, but for the middle classes. The poor should be housed by the State as their wages were too low to enable them to pay excessive rent. Some building societies had failed because of lack of co-operation and cohesion among their members. The Catholic Housing Society that was going to be started should provide accommodation not only for the present, but also for the future catholic population attracted to the city by the new catholic colleges and new industries. The speaker explained the differences between various kinds of building societies, such as the Terminating Society of Bangalore, the Coparcenary Society of Santa Cruz and the Tenant Proprietorship Society of Salsette. Of these the last mentioned was the most popular, as was evidenced by the fact that out of twenty-five societies in Bombay, twentythree were of this type. At least Rs. 21 lakhs should be raised by shares and land to the extent of about 100 acres should be purchased. This capital should be divided into 8,000 shares of Rs. 25 each and each member entitled to a plot should buy at least five to ten shares and should pay a monthly instalment of Re. 1 per share. The whole plot, when acquired, should be divided into holdings of one-fourth of an acre each, after reserving about ten acres for the purpose of common utility, such as for a chapel, school, convent, hospital, playground and garden. Each member should either build a house himself or ask the society to build it for him. In conclusion the speaker pointed out the great advantages of building societies from the point of view of sanitation, morality and economics, and exhorted the audience to sink their petty differences and work together for the uplift of the catholic community. To illustrate his remarks the lecturer said that the property of the Garden Homes in Salsette was bought for about Rs. 20,000 but now it was valued at Rs. 2 lakhs and the property of the Catholic Housing Society of Salsette was bought for Rs. 2 lakhs and was now worth about Rs. 80 lakhs. After some discussion it was resolved that a Catholic Co-operation Housing Society should be started in the city of Madras. A committee was appointed to draft rules and to take the necessary steps for registering he society.

The government has just notified the receipt of an application from Mr. T. S. Ramaswamy Iver, the grandson of Sir T. Muthuswamy Iver, and a councillor of our corporation, for a licence for an association under the name of the Madras Cottage Industries Association to be registered under the Indian Companies Act. The objects of the association are to establish or assist cottage industries, to promote exhibitions, show-rooms or other public displays of industrial work and to provide other facilities for the advancement of these industries. There was a time—not so long ago—when cottage industries were widespread in Madras and gave occupation to many thousands of the rural population when agricultural operations were slack and enabled them to supplement their sources of livelihood. Mr. Iver saw scope for widening his scheme if it were linked with the co-operative movement. He, therefore, sought the advice and guidance of a few enthusiastic workers in the co-operative movement who had surveyed the field and gauged possibilities in this direction. With the services of an experienced Inspector of Co-operative Societies placed at his disposal, the preliminary measures in connection with the formation of the association were completed. It is well known that the industrial and artisan classes who have little or no capital to purchase the necessary raw material and implements are notoriously in the hands of the sowcars. Their chronic indebtedness has invariably deprived them of the fruits of their labour, and often, they do not get even the cost of labour, let alone the profits of their enterprise. This aspect of industrial life in rural tracts has been recognised as the chief drawback by everyone, official or non-official, who has attempted to befriend the indigenous artisan and handicraftsman.

One of the suggestions made for extending practical help to these helpless workers is the large scale purchase of raw materials and implements and their distribution at cost price to them. The further suggestion has been made that a Central Co-operative Society may make purchases and distribute them through departmental societies in touch with these classes. Even more necessary than the supply of requirements is the need for some

organisation which will make it its special business to secure markets for the products. It is proposed to begin in areas and with industries favourably situated for the success of the experiment. The association has resolved to extend its operations cautiously and slowly, a wise decision if its laudable attempts are to result in permanent good to those whom it wants to relieve by eventually setting them on their own feet and making them independent of outside help except in extraordinary circumstances. In these days of high prices and increased cost of living, thousands of small employees in government and mercantile offices and menial subordinates may also be helped by the association to supplement their slender resources by undertaking some home industry like the making of tapes, socks, ties, banians These are occupations eminently fitted for their women and children to be engaged in during their leisure hours. The successful working, even on a limited scale, of such an organisation as the one Mr. Ramaswamy Iyer is establishing is worth far more to the community than dozens of lectures and conferences.—Commerce.

### CO-OPERATION IN HYDERABAD

The fifth annual report in the working of co-operative societies in Hyderabad (Deccan) shows that the number of societies increased from 616 to 989 and their membership from 15,193 to 24,033 while the working capital increased to Rs. 48,63,549 as against Rs. 28,58,160 last year.

Excluding loans obtained from Central Banks, the net capital invested in the movement showed an increase of Rs. 12,21,713 from Rs. 16,06,166 in 1327 Fasli to Rs. 29,17,879 during the year under report. Of this increase Rs. 3,75,973 were contributed by Government in addition to the 2 lakhs of rupees already invested in previous years. The total Government contribution to the movement thus amounted to Rs. 5,75,073 out of a total invested capital of Rs. 29,17,879 or a percentage of 19.7 as against 11.8 in the previous year. In the neighbouring Province of Madras Government loans amount in all to only about 27,000, no money having been lent to any Central Bank. In Bombay out of a total working capital of nearly 199 lakhs Government loans amount to only 2½ lakhs or about 1.1 per cent. as against our 19.7.

Simultaneously with this increase in Government help, the proportion of deposits, to owned capital, which the movement has succeeded in attracting, has been showing a steady fall from year to year. The proportion which was Rs. 2.0 to Re. 1 the year before last, fell to Rs. 1.0 to Re. 1 last year, and has further fallen to Rs. 1.3 to Re. 1 during the year under report. Government note this steady fall with apprehension inasmuch as they believe that the great test of the soundness of any system of co-operative banking is the success it is able to achieve in attracting more and more deposits from individuals. Allowances must, of course, be made for the abnormal conditions of the year under report, but every effort is called for to increase the proportion of deposits to share capital which will alone satisfactorily demonstrate that the movement has won the confidence of the people. In the neighbouring Provinces of Madras and Bombay the proportion stands at 2.7 to 1 in Madras and 2.7 in Bombay also.

It is however satisfactory to note that the increase in the actual amounts of Share Capital and Reserve Fund is by no means insignificant or dis-

Government contribution to the movement thus amounted to Rs. 5,75,973 out of a total invested capital of Rs. 29,17,879, or a percentage of 19.7 as against 11.8 in the previous year. In the neighbouring Province of Madras, Government loans amount in all to only about Rs. 27,000, no money having been lent to any Central Bank. In Bombay, out of a total working capital of nearly 199 lakhs Government loans amount to only Rs. 21/4 lakhs, or about 1.1 per cent., as against our 19.7." This reads as if the Hyderabad Government were taking credit for comething that the neighbouring British Governments had been backward in doing. As a matter of fact, the declared policy of the Government of Madras, announced soon after its introduction into this Presidency, was that the movement was to be really co-operative, dependent as little as possible on Government loaus. A scrutiny of the loan transactions of the Government of Madras will show, we think, that the Rs. 27,000 referred to above is the amount outstanding of the very limited amount of Government loans to Co-operative Societies when they were first started. The only form Government assistance takes in Madras is providing the staff of the Department that supervises the work of co-operation. That this excessive financial help by Government is not a healthy sign, is recognised by the Registrar in Hydrabad, who says in the first paragraph in his report that the movement was only saved from a deadlock caused by an unfavourable year by the free financial help from Government, and that the large increase in the percentage of loans from Government accompanied by a serious contraction in the percentage of deposits are unhealthy symptoms which require careful attention and watching.—Madras Mail.

### 3. Lessons from Co-operation Abroad.

Mr. Otto Rothfeld, Registrar of the Co-operative Societics of the Bombay Presidency, was deputed by the Government of Bombay to investigate (in the short period of six weeks) the co-operative movement in France and Italy. He has now placed before the public the results of his studies in these two Latin countries, in the form of a well-written brochure published at the price of Rs. 1-8-0.

The co-operative movement, as a living organism, must shape itself largely according to the material with which it has to deal, and must assume somewhat varying forms according to the national character and the economic circumstances of every separate environment in which it is developed. In France, the temperate, intelligent and self-disciplined mind-

of the people has, according to Mr. Rothfeld, found its truest expression in those producer's societies which go so far to solve the social problems of an industrial country, and in the logical classification of co-operative objects and methods with which it has enriched the world. In Italy, Mr. Rothfeld found the most characteristic manifestation of the national character and the economic circumstances of the country in the co-operative societies of workmen combined for common labour, and in the similar associations for common cultivation of the soil. The natural inclination of the people towards banking has also led in Italy to considerable success in Co-operative People's Banks

Mr. Rothfeld describes in clear and interesting fashion the main characteristics of the different branches of co-operation in the two countries visited, and draws a number of very useful lessons from them for the guidance of the movement in Bombay, and indeed in India. The most valuable moral to be drawn from the experience of France and Itlay, concerns the vexed question of State Aid to Co-operative Societies. The author devoted particular attention to the question of State Aid and State Control, and his report will be of practical value in the decision of questions turning on this point. The illiteracy of the masses in India, is, of course, a serious obstacle in the way of the success of the co-operative movement. Mr. Rothfeld shows how both in France and in Italy the success or failure of co-operation has depended largely upon education and propaganda. This means that if co-operation is really to succeed in Bombay people must be carefully educated with regard to its principles, and the proportion of the illiterate among them must be reduced.

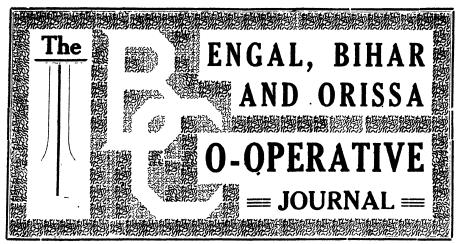
The two chief economic troubles of India are probably the holding up of huge hoardings of money out of circulation, and the centralization of finance. Urban Co-operative Societies tend to remedy both these maladies. The account of the Luzzati Banks in Italy will be found highly instructive and useful by all Indian co-operators. Mr. Rothfeld draws another important lesson from the organisation of agricultural co-operation in France, which he so lucidly describes. In France no Agricultural Credit Society requiring Government assistance and Government registration can be formed by itself; it can be formed only by the intermediary either of an Agricultural Syndicate, or of a Co-operative Insurance Society, usually of the former. In India one is apt to forget that the Credit Society is a success only when it is accompanied by the sister societies, (even more important) for providing the cultivator with the resources he needs in chemical manures,

modern implements, good seed, and fair and accessible markets. The Agricultural Syndicates of France offer useful guidance in this respect.

Mr. Rothfeld's impressions should prove of real service to the Indian co-operators, official and non-official, for they reveal new lines of progress, and show our deficiencies and how these can be remedied. His book ought to be widely read. It will be found really interesting, even by readers who have never before considered the co-operative movement and its principles.—*Times of India*.

#### 4. New Co-operative experiments in Burma.

It was obvious that once co-operative principles took root in the country, they could not be confined to agricultural operations. It was inevitable that a beginning should have been made there, because agriculture, after all, is the main industry of India-more than three-fourths of the people live by it and a large proportion of these, it may be said, practically starve by it, and it was to relieve the latter that it was sought to introduce co-operative principles into the country. What applies to one industry practically applies to others and with certain modifications, co-operative methods of working should be advantageous to all if properly utilised. This is taking place in every part of India, but the Burma Government, with happy appropriateness of phrase, refer to it as being a specially gratifying feature of movement in that Province. No Co-operative Department, says the Lieutenant Governor, can be considered to have achieved any gerat amount of success while it limits its activities to agriculture alone. It is, therefore, gratifying to find that the principles of co-operation are being applied to the manipulation of raw agricultural produce of the country, and there is reason to anticipate a very considerable expansion of this when the new Department is established. Co-operation will be given new outlets for its activities, while the fostering of industries on a co-operative basis is the best foundation upon which the Department of Industries can build. Other directions in which co-operative principles are being applied are in the colonisation of large tracts of country and by the establishment in those colonies of tenancy co-partnership societies. The problem of co-operative insurance of agricultural cattle was so courageously tackled in Burma that it is with a sense of disappointment that we learn that it has not achieved the popularity which was anticipated. It is not being dropped out of the programme of co-operative reforms in Burma, but the subject is being considered with a view to make the scheme more acceptable than it is at present.



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No. 5

### NOTES AND NEWS

The recent speeches delivered by the Hon'ble Nawab Syed Nawab Ali Chaudhuri, Bengal's new Minister for Co-operation. and Agriculture, reveal a robust optimism and a comprehensive grasp of the situation which augur well for the future of Cooperation in Bengal. He has all along taken a keen personal interest in the development of the movement and is conversant with its details and intricacies, and he gave a further proof of it by declaring his willingness to join the Bengal Co-operative Organization Society as a Patron. We hope the Bengal Cooperative Organization Society will continue to prosper and extend its activities under his regime. May we, in connection, draw his attention to the request made by the Hon'ble Maharaja Bahadur of Kasimbazar, for lending the services of an expert Inspector of the Co-operative Department to the Bengal Co-operative Organization Society to enable it to carry on its propaganda and educational work in a more diversified form?

H. E. the Governor's Inaugural Address at the Eleventh Provincial Co-operative Movement contained a sympathetic reference to the work carried on by the Bengal Co-operative Organization Society and the welcome announcement of a donation of Rs. 500 by the Naogaon Ganja Cultivators' Society in furtherance of the objects of the Bengal Co-operative Organization Society. His Excellency's sympathy and encouragement have always been a source of strength and inspiration to the Bengal Co-operative Organization Society and its members should make redoubled efforts to make the Society truly representative of the Co-operative interests of the Presidency.

The Hon'ble Maharaja Bahadur's speech at the third Annual General Meeting of the Bengal Co-operative Organization Society contained a timely appeal to all—especially the zemindars—to join the Bengal Co-operative Organization Society and to further the cause of Co-operation in Bengal. The Maharaja has set an example which should be followed by all his compeers: he uttered the very truth when he declared—"any movement which aims at applifting the ryot's economic condition should receive the whole-hearted sympathy and support of the zemindars': the co-operative movement is pre-eminently such an uplifting movement, and self-interest, if no higher motive, should draw the zemindars into the ever-widening co-operative commonwealth.

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The Hon'ble Maharaja drew pointed attention to the necessity of founding University chairs for encouraging the comparative study of co-operative theories and practices. In view of the establishment of new universities and the reconstitution of the University of Calcutta, this suggestion is deserving of the serious attention of the academic authorities. A movement of such vital importance and ever-widening influence should have a recognised place in the curriculum of all Indian Universities, and the University which will be the first to institute a chair of co-operation will receive the homage of gratitude from all co-operators in India.

A noticeable feature of the recent session of the Bengal Co-operative Conference was that many speeches were made in the vernacular: it was also resolved that a vernacular version of the proceedings of the Conference should be circulated amongst all Co-operative Societies in Bengal. This is certainly a move in the right direction.

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At the third Annual General Meeting of the Bengal Provincial Co-operative Federation a non-official Bengali gentleman —Mr. I. B. Dutt, M.L.C., of Comilla—was for the first time appointed Chairman of the Federation for the coming year,

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Our readers will note with pleasure that Sir P. C. Ray has been unanimously elected President of the Bengal Co-operative Organization Society for the current year. It may not be known to our readers that it was in his rural home that one of the first Co-operative Societies was started in Bengal. We hope Sir P. C. Ray's example will be followed by his educated countrymen and they will join the Bengal Co-operative Organization Society in ever-increasing numbers.

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Rai Lalit K. Mitra, a scion of an old zemindar family of Calcutta, has joined the Bengal Co-operative Organization Society as a Life-member.

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Looking to the number and importance of the subjects discussed at it the Eleventh Conference Co-operative Societies held in Calcutta at the end of last February must be pronounced to be an unqualified success. Naturally enough some of the subjects had already been objects of deliberation at the earlier Conferences but the number of fresh topics introduced at the last Conference was unusually large and interesting and included such subjects as the formation of Unions under Central Banks with a view to the decentralisation of inspection, the organization of Supply

and Sale Societies including both producers and consumers, the amalgamation of Co-operative Societies and Agricultural Associations and the formation of combined Credit and Sale Societies. It was noted that the level of discussion was uniformly high and the members showed not only matured powers of argument but also a deep insight into the nature and form of Co-operation which did them great credit. It illustrated the view that the best co-operative education could be given only by the practice of Co-operation. If the growth of Co-operation is to be measured, among other things by the mature views of the leaders of Co-operation, then Bengal must be congratulated on its conspicuous progress in the field of Co-operation.

The first topic to be discussed was the provision to be made in the balance sheets of Central Banks for depreciation of Government securities. It was of course obvious that all banking institutions should make suitable provision for such depreciation and the discussion centred round the question-who was to pay the piper. One set of debaters argued that the Central Banks were in the position of trustees for the primaries and that a trustee should restore the full amount that he had received on behalf of his wards. It was also urged that the Central Banks had in many cases made as much as ten per cent, on the funds received from the primaries and had paid the latter a much smaller percentage. The other side could however urge that the sacrifice was a patriotic one and the rural societies should not shrink from their share of it. Moreover, if the Central Banks had always to bear the risk of depreciation of securities they would have to raise further the rates which they charged to primaries. In the end it was decided that the loss from the depreciation should be borne by the primary societies only when the Central Banks acted merely as their agents.

The Conference then proceeded to consider the advisability of the view "that awards of arbitrators be recoverable by the certi-

ficate procedure instead of through the Civil Courts." On one hand it was urged that this was a proposal which went against Co-operative principles, and indeed, if once adopted the procedure would be extended to all cases in which money was claimed by a society from the members. It was also doubted whether time would be saved and money be recovered any earlier by the certificate procedure through the Collector. To these arguments a powerful rejoinder was given by the Registrar of Behar and He showed that the societies were not likely to proceed against any but dishonest members and in their case punishment had to be swift. In Civil Court suits expenditure of all kinds proper and improper—had to be incurred and hence the societies were most unwilling to proceed by way of civil suits. who have to execute decrees in the ordinary way are not without a bias against executive action and hence it was best that the Collector should execute these awards.

The debating interest of the Conference rose to its height when Mr. Indu Bhusan Dutt developed his scheme for multiplying the number of Inspectors and for reducing that of Assistant Registrars. The place of these latter was to be taken to some extent by an additional Personal Assistant to the Registrar. Mr. Dutt's idea was to have a larger number of officers at the lower grades to push forward the work of development and to secure finance for this movement he would abolish the Assistant Registrarships. It was true—he argued—that the new inspectors who would be graduates and join service on Rs. 80 a month would be inexperienced at the start but they would soon acquire experience as at present the Honorary organisers did. For financial reasons, again, Mr. Dutt was against the appointment of Deputy Collectors with their travelling and other allowances—as Assistant Registrars. As the Inspector would be local officers they would not draw travelling allowances. Dutt referred to the burden of agricultural debt in Bengal and to the reduction in the average membership of the rural societies as features which called for reorganization on the lines which he suggested.

Mr. Dutt's views were, however, controverted by several members, among others by the Registrars of Bengal and of Bihar and Orissa. The reduction in average membership of societies was due to the spliting up of unwieldy societies. Agriculturists having to wait for harvest time for the return to their labours must be in debt: the main consideration is whether the debt is incurred for productive purposes and on reasonable terms. In many lands since Co-operation has been started credit has grown. Referring to the figures of co-operative growth we find that we have covered as much ground in the three and a half years since 1917 as in the fifteen years preceding that year. At this rate in the next fifteen years Co-operation will have reached every village in Bengal; and this rate has been reached since the appointment of the Assistant Registrars. The abolition of these Assistant Registrars will not give us enough financial facilities to appoint fifty Inspectors besides another Personal Assistant to the Registrar. It was not true to allege that there was more "de-officialising" of the movement in Burma when there were more officers in the Co-operative service there than in any other province. Again only two years ago more money was spent by Government on Co-operation in Burma than was expended on any other province.

To us it appears that in this controversy the point at issue has not been clearly perceived and kept in mind and hence some irrelevant matter has been introduced. There was no need of introducing phrases like "de-officialisation" and "decentralisation" in the speeches. The question was a purely fiscal one. Mr. I. B. Dutt very properly desired to enlarge the number of Inspectors—an aim which all would join in supporting. But as the present grant for Co-operation was not large enough for the purpose he was compelled to point out some source from which the additional money was to come and he was led to suggest the abolition of the Assistant Registrars. Properly interpreted his suggestion had nothing to do with "de-officialisation" since he wanted an increase in one grade of officials and a decrease in another. True "de-officialisation" will, we hope, be reached in

course of time when in each district we shall have at our disposal a number of competent voluntary workers who will be willing and able to devote several hours every day to the routine work of Co-operative administration. It is needless to say that we have not reached that stage vet and hence—in spite of the existence of a few able and enthusiastic volunteer workers in our midst we cannot begin "de-officialisation". We entirely agree with Mr. Dutt that we want more Inspectors—indeed we want many more than the fifty which he too modestly proposed. But if we have a much larger volume of developmental officers and propaganda work we shall be the less able to dispense with the higher controlling agency. Mr. Dutt tried very conscientiously to cut his coat according to the cloth; but the cloth in question—i.e., our financial resource—is so short that no coat can be made out of it to fit the growing body of our healthy co-operative system and efforts are made to achieve the impossible and to make the coat longer by cutting down the sleeves. There is the happy circumstance, however, that keen co-operators like Mr. Dutt are in the Council and they should form a co-operative party which will enable us to obtain larger grants. Surely agriculture is the chief "interest" of India and the source of all its prosperity: and when considering the expenditure of revenues agriculture should take the precedence of all other matters; and the best way to help agriculture is to promote Co-operation.

Although Co-operative Societies have not been given the right of representation in the local Legislative Council, it is pleasing to find that the movement is strongly and sufficiently represented by the following well known Co-operators of the province:—

- 1. Hon'ble Mr. Provash Chandra Mitter, C.I.E.
- 2. Hon'ble Nawab Saiyid Nawab Ali Chowdhury, Khan Bahadur, C.J.E.
- 3. Babu Surendra Nath Mullick.
- 4. Rai Mahendra Chandra Mitra Bahadur.
- 5. Babu Nitya Dhone Mukharji.

- 6. Raja Manilall Singh Roy.
- 7. Rai Abinash Chandra Banerjee Bahadur.
- 8. Maharaja Kshaunish Chandra Roy Bahadur.
- 9. Babu Surendra Narayan Sinha.
- 10. Babu Indu Bhushan Dutt.
- 11. Babu Kishori Mohan Chaudhuri.
- 12. Khan Bahadur Maulvi Wasimuddin Ahmed.
- 13. Rai Upendra Lal Ray Bahadur.
- 14. Kumar Shib Shekhareswar Roy.
- 15. Mr. C. W. Rhodes, C.B.E.
- 16. Mr. R. H. L. Langford James.

### THE CO-OPERATIVE MOVEMENT IN FACTORIES

By Mr. C. G. B. Stevens, 1.c.s., Deputy Registrar, Co-operative Societies, Bengal.

It is no matter for congratulation that, in spite of the great strides that the co-operative movement has made in Bengal during the past few years, the factories have as yet remained almost untouched. A beginning has, however, been made by the establishment of a limited liability co-operative credit society in one of the Government Ordnance Factories. Its development will be watched with very great interest, and the principles found to be acceptable in this society copied in other factories.

The factory in which this society has been started employs about 4,000 hands, of which number nearly half have become members: at present they are working on share capital alone, and have already set aside part of their capital for the opening of a co-operative stores as a branch of the credit society.

There probably exists much misapprehension of the magnitude of the indebtedness of the average factory worker in the urban areas round about Calcutta: a rough calculation in one factory yielded the figure of Rs. 150 per head as the average debt to mahajans and shopkeepers. From the heavy amounts remitted up country from the mill areas by money order one is tempted to assume that these amounts represent savings: probably this is far from being the case, and these sums are nothing but contributions to other members of the family, who are almost entirely dependent on them. Even those who are heavily in debt are forced to make such remittances to their relations in Madras and the Upper Provinces.

The proximity of most of the big factories to Calcutta, and the amount of spare time which the workers have (often they only work 4 or 5 days in a week) are factors which provide numerous opportunities for extravagance: gambling is rife, though forbidden by law, and the drink shops are generally full when the day's work in the mill is over. The average mill hand has never been thrifty, and is content to fritter away his earnings as soon as he receives them, caring nothing for the future, and heedless of the growing number of his creditors. If the habits of thrift are to be encouraged, the co-operative department is undoubtedly the agency through which this can best be brought about.

The starting of a co-operative society in a factory requires an enormous amount of spade work: the spirit of mutual trust has to be created, the habits of generations upset. The society must be controlled or at least guided at the outset by some one whom the workers will trust, and generally they are loth to trust anyone except the Manager and his assistants, who are generally Europeans. It is to these gentlemen, therefore, that we look to take the initial step in the matter.

With the recent tremendous profits in the jute trade, and the phenomenal increase of business, managers are generally so heavily overburdened with their ordinary duties as to have little time or energy left to devote to the development of co-operation amongst their workers, though it is generally realized that it is to the interests of the management as well as of the workers themselves that the latter should be a contented set of men. freed from the rapacity of the money-lender, and able to act for themselves. One of the chief difficulties in the way of establishing a society based on mutual goodwill in a factory is the absence of the personal relations between the Manager and the workers: this is almost inevitable in a factory employing five or six thousand men, many of whom come and go, staying only a few weeks: in a tea garden, where the workers are settled on the garden, and have little or no inducement to go elsewhere, staying many years in the same place, doing the same work, this personal relation is frequently very strong. Yet in spite of this, the co-operative movement has made little or no progress in the tea gardens.

In the one factory society which was started last June to which I have already made reference, the Superintendent is the life and soul of the movement: but for him, the society could-

never have been started: but the creation of the society and the conduct of its business has brought in many honorary workers who are learning for the first time the immense possibilities of the movement: the seeds thus sown will in time bear fruit. Hundreds of societies could be started on the same pattern, and it is hoped that this example will be copied by all who have at heart the welfare of the factory hand.

An important point to consider in the formation of such societies is the security of the man in his job: at present the appointment and dismissal of workers is not infrequently in the hands of dishonest mistris, sirdars and clerks: unless a man can be certain of keeping his job, he is not likely to want to risk any of his money in a society from which he would be excluded if he lost his employment. Hand in hand with the co-operative development of these communities should go the formation of some sort of labour board in each factory, by means of which dishonest practices and bribes could gradually be eliminated. Considerable advance in this direction has been made by the factory of which I have spoken: the co-operative movement has a right to expect that its proper development in the factories is not hampered by the existence of excessive corruption on the part of understrappers. In this matter the Department of Industries should be able to give assistance.

The first efforts of the co-operative societies must be to reduce the amount of indebtedness of the workers, and drive out the rapacious Kabuli: it may be taken as absolutely certain, that if those in charge of the society clearly show that they intend to protect the members against the mahajan, and are willing to take the trouble to make terms with existing creditors and transfer the debts wholly or in part to the society, then the fullest confidence of the workers in the society will at once be established. This bargaining with Kabulis and other mahajans can only be done by some one in authority, and it is tedious and disheartening work. But no work was ever more worth doing.

With sympathy and assistance from the employers of labour there is no reason why this heavy burden of debt should not, through the agency of co-operative societies, be cleared off in five years. The other side of the picture will then claim attention, namely the encouragement of thrift, and inducing workers to save their money instead of wasting it.

Once the movement is fairly started, and a beginning has already been made, it should spread like wild fire: its results can hardly be anything but good: one great source of discontent will have been removed, education will have been imparted in a practical way: Workers will realise that their employers are ready to protect their interests, and thus the bond of sympathy between the employers and their workers be tightened and workers will become less susceptible to outside influences, and less the tool of agitators.

### CO-OPERATIVE BANKING IN GWALIOR

### By MR. HENRY W. WOLFF.

Mr. Henry W. Wolf, the eminent authority on co-operative credit, writes to the *Pioneer* as follows from the Reform Club, London:

Can you kindly grant me space for a few remarks upon the co-operative banking movement in Gwalior, which is evidently speeding along at a merry pace? I never doubted when presuming to advise the Indian Government on the subject of cooperative credit, that Indian Rulers would take up the movement which promises their subjects, and above all the toiling tillers of the soil, such splendid benefits, with hearty goodwill and vigorous energy. It is not only in Gwalior that my expectation has been fulfilled. Other Indian Rulers have made the cause of co-operative credit zealously their own and carried it successfully forward. But here, in Gwalior, we have the Maharaja writing in his review of 1915-16, "I want to see banks established by the hundred in each year"-a declaration which, although, under the aspect of policy it rather overshoots the mark, certainly gives proof of warm appreciation. "hundred in each year" appears in truth to have been a little more than reached. For, under the vigorous propulsion of the active "Director"—a title corresponding to that of "Registrar" in use in British India-Mr. G. J. M. Hamilton, who evidently has not allowed grass to grow under his feet, the number of societies established when he wrote his Fifth Annual Report, stood at somewhere about 1,600, with 11 or 12 Central Banks to supervise and finance them—to which number a general "apex" bank was to be added.

The number, both of societies and members, had nearly doubled within the preceding twelve months. It appears that in the twelve months referred to Rs. 2,32,328 was advanced in

loans and Rs. 1,00,883 was repaid. Rs. 2,33,755 is reported as outstanding, a balance having evidently been carried over from the preceding year. For loans are granted doubtless in some cases for a fairly considerable time—and only Rs. 18,953 is reported to be overdue. Assuming that figure to be correct repayments have not been bad. No total is given for the reserve fund laid by in various classes of banks. But from the separate items quoted it would seem that in respect of reserves the societies are not overstrong, which in societies so young, and mainly financed from outside, is not surprising. The number of loans granted is not stated. But it is satisfactory to find that as much as 93 per cent, was granted for productive purposes. "Purchase of cattle" appears to have made the largest claim, "seed and manure" follows next. What surprises one, being used to Indian reports, is that among the list of "purposes" no place is assigned to "repayments of loans" due to the money-lender. That generous-minded gentleman should not be forgotten. For the first object for which cooperative credit societies were introduced in India was to rescue poor rvots from his throttling toils.

Evidently Mr. Hamilton has, in general, an illiterate and backward public wherefrom to recruit his membership. For he states that societies are systematically brigaded in groups, with a "writer" at the head of each group to keep accounts for them all, and visit each society once a month, "to read and explain the bye-laws". That is not by any means against him, rather the reverse. For these societies were intended in the first instance for necessitous people, who are usually backward and illiterate, and such people want to be trained. And manifestly Mr. Hamilton is sparing no pains to train them. But as a permanent arrangement such employment of "group secretaries" an institution which was first introduced in the United Provinces by Mr. Fremantle—is not a serviceable feature.

Mr. Hamliton appears to have formed most of the societies, if not all, on a share basis, the value of the share differing according to the ability of the members to take them up. It is really a healthy sign that people in India evince a pronounced

liking for share. In Europe there are country districts in which this consideration cannot generally be fulfilled, if deserving poor folk are to be assisted. It is for that purpose that unlimited liability is resorted to in co-operative banking, as a substitute for shares.

Highly creditable as Mr. Hamilton's report is, affording evidence of genuine devotion to his cause and indefatigable activity, there are two comments which his practice calls for. The first is this, that it is a mistake to measure the success of a co-operative movement in the early stages by numbers. That is a misleading test. The chase after "results" measurable by figures and large transaction involves a danger—which has wrecked more than one co-operative movement. I could quote cases which convey a serious warning. It is this chase after "results" which leads authorities and kind-hearted people to supply for "co-operators" the funds that they should—however much more solwly—raise for themselves. The backbone of cooperation, the one foundation on which it can surely be built up is self-reliance. Much better toil during years for the obtainment of funds by your own efforts than become a mere spoon-fed parasite. Money is only one of the benefits that cooperation is to secure for those who practise it. Character, self-reliance, resourcefulness in business, count for more among the prizes that co-operation has to distribute and there is really under this aspect no better example to quote than that set by the Government of British India. That Government has been wisely, I should like to say generously, chary of giving money support. Such support was indispensable in the beginning; but it has now been nearly worked off and the movement is the stronger and the healthier for this. An organiser should, especially in early stages and where co-operation is insufficiently understood, form good banks, however few in early years. Such may be relied on to do their own canvassing and propaganda. The number of institutions will in the end be all the larger, and the quantity will be trustworthy.

The other is this. Mr. Hamilton prides himself on being unlike the British India "Registrars," who are civil servants, professional "banker". Now undoubtedly we want genuine

"banking" in co-operative credit business. We want some of it "on the ground-floor", in the local societies; and we want very much of it in the upper stations, the central or apex banks, which are to serve as links between the co-operative credit movement and the money market served by the capitalist banks, in order to render relations of give and take practicable between the two. I have likened such banks to the conversion stations in the electric service, which convert high velocity electricity into low velocity, and vice versa. In India especially we may look to co-operative banking for another most valuable service besides that of financing poor people, capacity for rendering which it has brilliantly demonstrated in both Germany and Italy. India is lamentably under-banked. It was the underbankedness of Germany and Italy that helped to make the running of the co-operative credit societies of one type. But that, it ought to be pointed out, was not the type that Mr. Hamilton is labouring mainly to multiply in Gwalior. respect of that type certainly the humble village bank dealing out its rupees in small amounts to as humble borrowers—but, indeed, also in respect of co-operative credit societies generally, it is a great mistake to lay down as Mr. Hamilton does, that "co-operative banking is only ordinary (capitalist) banking in miniature." It is indeed so to some extent but it differs from ordinary (capitalist) banking in this feature that it bases its credit not upon what an applicant has got, what convertible security he has to offer, but on what a man is and what fairly assured position he has, with the help of the money asked for, to earn something. The co-operative borrower acts on a lower plane than the capitalist; he finishes practically where the other begins. The security that he is asked to give is not money's worth in the ordinary sense, but honesty and capacity. One may wish Mr. Hamilton success in the work which he is so laboriously and so zealously carrying on for the satisfaction of his chief need, to the unquestionable benefit of the country which he is serving. One would say judging from Mr. Hamilton's report, that the Maharaja could not find a more capable man for the purpose. He is, as he tells me, about to add to the services which he is rendering to the cause by issuing

a manual for account keeping, approved by high authorities. That is all to the good. But he ought to realise that called for as his present almost military organisation of the movement in Gwalior is, in the present stage in groups, large and small, all moulded on the same pattern, organisation is not "co-operation". We may regard it as an organisation for elementary teaching. After such elementary teaching must come full and free self-government. Each society will have to answer for itself, standing on its own bottom and governing itself. The grouping with others will have to be that of allies, not of subordinates.

# THE ELEVENTH BENGAL PROVINCIAL CO-OPERATIVE CONFERENCE, FEBRUARY, 26, 1921

#### SPEECHES AND RESOLUTIONS.

### 1. H. E. The Governor's Inaugural Address.

Lord Ronaldshay in opening the session said:-

Two years have elapsed since I had the pleasure of opening the Provincial Co-operative Conference. The reason for th's is that the provincial conference that would have been held in the ordinary course of events last year, gave place to the inaugural meeting of the Board of the Agricultural Department. A number of district conferences however, have been held in the interval, the great advantage of such conferences being that they reach the cultivators themselves in a way in which the provincial conference cannot hope to do. The districts of Pabua and Khulna have been prominent in promoting such conferences, and I am assured that some of them have attracted not merely hundreds, but thousands of actual cultivators. Two years ago I held out promises of sympathy and help on the part of the Government and I am now in a position to state the extent to which those promises have been made good. First and foremost the sanction of the Secretary of State to the permanent retention of the Co-operative Department has been obtained. Next, a Deputy Registrar has been appointed and further to assist the Registrar provision has been made for superior officers in each of the five divisions of the presidency. Then we have deputed an officer for six months to study co-operation in Europe and in particular in France, where the co-operative principle is being employed in the work of reconstruction in the devastated areas; in England where the establishment of a co-operative fleet of fishing trawlers is a striking development, and in Ireland where a valuable lesson is to be learned as to the disastrous effect which violent political movements have in practice upon the co-operative societies. It is hardly necessary to point out that here where the political movement of the day has assumed a form which is the very negation of the fundamental principle upon which our movement rests, such lessons possess a special significance.

Then as to the general progress made by the movement itself. The picture is on the whole a bright one. But lest inadvertently I create an impression that it contains no dark patches at all let me preface what I have to say under this head with a modest note of warning. There are societies with which all is not going well. There is a central bank in the north of the Presidency which is in trouble. And I could mention several others that are in difficulty owing to past carelessness. But having said so much by way of caution let me now turn to the general picture.

The Bengal Co-operative Organisation Society has continued to attract to itself eminent men from all parts of the Presidency and to do excellent work. It has arranged for public lectures on Co-operative topics; it has taken part in district Co-operative Conferences and exhibitions; enlarged its library; it has issued pamphlets and has increased the circulation of the English and Bengali journals of Co-operation which it publishes. That its activities are appreciated by the societies is undoubted and, indeed, I have recently received most striking proof of this. The Naogaon Co-operators have spontaneously handed over to the Registrar a sum of Rs. 500 to be given to the organisation society to assist it in continuing its propaganda—incontestable proof, surely, of the value which they attach to it. The one respect in which it has not, so far, quite realised expectations is in the matter of the number of societies which have become affiliated to it. This has varied from 1,000 to 1,400, which is much below the number expected. Steps are now being taken to bring about an improvement in this respect.

### ENCOURAGING DEVELOPMENTS.

The increase in the number of Co-operative Societies throughout the Presidency is encouraging. When I last addressed the provincial conference there were 3,643 Societies

with a membership of 163,000. On June 30, last there were 5,408 Societies with a membership of over 217,000, and I am told that there are at this moment something like 6,200 Societies with a membership which probably approximates to a quarter of a million. The working capital of the Societies is now over three crores of rupees; and of this sum the actual savings of the members are represented by the shares, deposits and reserve funds belonging to them. These now amount to Rs. 76,00,000, and are increasing by 25 per cent. annually, a most significant feature of the movement. It is, perhaps, not inappropriate that I should point out that as these figure increase, the necessity for care in the further development of the movement increases also. A financial crisis five years ago would have been a comparatively small affair; a financial crisis now, still more in the future, would be a calamity of alarming dimensions. I am sure that the Minister to whose guidance this great movement has now been committed is fully alive to this.

On previous occasions I have urged upon the zamindars of the Province the importance of their fostering the movement. We all know the maxim that practice is better than precept, and I may be forgiven therefore, if I inform you of what Government has done in its capacity as a landlord. In the Government estates in Kalimpong there is now no unit without its society. The same can be said of its estates in the Sundarbans. the colonists who came to the place because they were landless and impoverished and without prospects elsewhere, have, in the course of a few years, accumulated savings of their own amounting to half a lakh of rupees. They have established nearly 100 credit societies. They have their own store, their own boats running to Calcutta, their own co-operative granary, and they have started veterinary aid on co-operative lines. More remarkable still, perhaps, whereas the common rate of interest five years ago was 100 per cent. per annum, the complete abolition of interest in this neighbourhood is within sight.

### NAOGAON DEMONSTRATIONS.

The most effective way perhaps of bringing home to the public the possibilities of the movement is to take a particular

instance by way of illustration. I will take the case of Naogaon. Naogaon is a village in the district of Rajshahi. The co-operative movement took hold of the ganja growers of Naogaon three years ago. As a result they already see a much wider horizon than that of mere ganja growing opening out before them. Last year, for example, they purchased 20,000 cuttings of tanna sugarcane which they distributed among fifty members of the societies on condition that each planted his cutting at one end of patch of ordinary sugarcane, with the result that fifty demonstration plots came into existence in the midst of a population of thousands of cultivators. I am told that this demonstration amazed even the Director of Agriculture. The whole of the crop is being preserved for cuttings and it is estimated that next year tanna cane will have ousted the old variety and that the profits of the cultivators will be doubled. A short time ago I visited the Rangpur tobacco farm and saw the cutting and preparation of the leaf being taught. Naogaon has introduced improved varieties of tobacco and has three young men there under instruction. Another crop hitherto practically unknown in the district, namely, the potato is now proving itself a source of income to the cultivators. Then again the Society is acquiring and laving out a model farm, on the same lines as the Government farms of 100 bighas of land, and is approaching the Government for the services of an officer to take charge of It proposes to establish a practical school in connection with the farm and it has already made itself responsible for the building, financing or subsidizing of something like a dozen other schools. It has also taken in hand the town of Naogaon and has converted a large area in the heart of it which used to be a hot-bed of disease into a public park. It has recently completed the first of three dispensaries which it planned for its members, together with residences for the doctor and the compounder. It has a store with 4,000 members and sales amounting at times to as much Rs. 1,000 in a day. It has organised a colony of Mahomedan weavers whom it found in a state little removed from starvation. It has trained them to produce cloth of good quality which is now sold at the store faster than the weavers can make it. And along with the truly astonishing improvement which has been brought about in the material well-being of the people in the short space of three years, is to be noticed a powerful and ever growing influence for good in the moral sphere. Thrift is taking the place of extravagance; expenditure on useless ceremonial has already decreased by from 50 to 75 per cent. Both the consumption of ganja and litigation have been reduced. This is a bald and very inadequate description of what has been achieved in three years in a typical Bengal district by co-operation. I have referred to it because it seems to me to possess a moral which is so obvious as scarcely to require pointing one, moreover, which is not likely to be lost upon anyone who ponders upon it.

I could, of course, give many other remarkable examples of what is being done by co-operation, and in particular of the extraordinary variety of uses to which it can be put. In the district of Bankura for example, it has not only set the handloom weaving industry, which was almost moribund, upon its legs, but is bringing help to the cultivators in the shape of Irrigation Societies, one of which I am told will be working for the next crop, and many more of which are likely to come into existence in the near future. But I do not wish to take more of your time, for you have a long and important programme of work in front of you. And I will conclude these opening remarks with an expression of my sincere good wishes for the success of your deliberations.

## 2. The Hon'ble Nawab Saiyad Nawab Ali Chaudhuri's Opening speech at the Eleventh Provincial Co-operative Conference.

### GENTLEMEN,

His Excellency has reviewed the progress of the Cooperative movement in the interval since the last Provincial Conference met. The practical assurance of His Excellency's sympathy which his address conveys, and his intimate acquaintance with the details of the movement's progress will be a source of gratification to all Co-operators. That progress itself is, as His Excellency has pointed out, a subject for congratulation. As he has indicated, however, there are a few shadows on the picture, a few areas where abuse, emphasised perhaps but not excused by the difficulties of recent years, has made itself felt. I do not intend to specify these areas in a meeting like this, for I know that the Registrar has called the attention of those concerned to the state of affairs, and I trust that when the next conference meets the shadows will have gone. With all that His Excellency has said about the movement I desire to associate myself and I hope that the weighty words of advice which he has addressed to you will be cherished and observed.

Ten Provincial Conferences have already met in Calcutta and we are opening the second decade of these assemblies in circumstances which few, if any of us anticipated when the first decade began to unfold itself over ten years ago. A rising tide of democracy has given a great and a real share in the Government of the country to the elected representatives of the people. Eight years ago the Hon'ble Mr. P. C. Lyon said: —"I look forward to the time when the co-operative society of each village, bringing the people together for all matters connected with the weal of the village will be linked up with the system of village and Circle Government, and will be utilised as the only efficient electoral unit. Each such unit will vote for the representative who will look after the interest of the village in a larger council composed of an aggregate of unions, and he in his turn will help to elect the members of still larger councils". The development outlined by Mr. Lyon has not yet taken place, but a greater development, a more democratic and direct system of elected councils than Mr. Lvon dared to ask you to contemplate has come into existence. He was not wrong, however, in thinking that the co-operative societies would exercise an influence on the final elections to the legislative councils of the country. When you look through the list of the members of the Bengal Legislative Council you find a number of names of gentlemen who have definitely and prominently associated themselves with the co-operative movement. It is no mere coincidence that in this first election constituencies like Comilla, Pabna, Murshidabad, and other places should have chosen their chief co-operators to represent them in the Council. It is no mere coincidence that

the Bengal Co-operative Organization Society should count more of its members among the elected members of the Legislative Council than probably any non-party association in Bengal.

- There were many who were anxious to have co-operative societies formed into constituencies entitled to elect a certain number of members to the Council. They never thought that without any special arrangements the societies would see as many representatives of themselves returned to the Council, and even to the Legislative Assembly. There is already in the Council the nucleus of a co-operative party, if such a party were desirable, and even in the Legislative Assembly there are not wanting some of the leading co-operators of Bengal. I do not say that these gentlemen were elected on any co-operative ticket, nor, although it would not be unreasonable, is it necessary to assume that their association with the co-operative movement directly helped their candidature. I do say, however that in the democratic system which has been inaugurated the interests of the co-operative movement have keen supporters in those leading co-operators elected to the Councils, and it seems indeed as if the impress of co-operation will be stamped deeper on the Councils of the future. It must be so in a democratic franchise, for the six thousand co-operative societies of Bengal are democratic associations of the people, concerned with the economic life of the people and as our political development progresses it will come to be a political truth that what the co-operative societies think to-day Bengal will think to-morrow.
- 4. If the co-operative societies continue to develop and multiply as they have been developing and multiplying it is obvious that they will exercise a growing and not impossibly a controlling influence in the Councils. To accomplish this, however, there is no need to introduce politics into the societies themselves. The societies are and should remain associations of harmonious interests. The co-operative societies train men in the use of the vote, and they turn the minds of their members to the consideration of their economic condition with a view to its betterment, to education, to sanitation, to improvements of agriculture and handicraft. Ten days ago I presided with very great pleasure over a meeting of several thousand cultivators,

members of the biggest co-operative society in Bengal. outward appearances they were the same as the mute millions of the people who toil upon the land. When, however, questions of finance or policy, or questions of any other kind came up for discussion, they argued and discussed them with a zest which was truly amazing, and they came to final conclusions in every case which would do credit to a much more advanced and educated assembly. Thus, for instance, they discussed the amount of profits that should go to reserve: they fixed the figure at Rs. 25,000. They discussed and finally voted a sum of Rs. 9,000, for their own educational institutions: they made similar grants to their own dispensaries, and then after arguing a long time on the suggestion of opening a demonstration farm for the improvement of agriculture and hearing various estimates of the cost they voted Rs. 60,000 for the purchase and laying out of the farm. They let no suggestion pass without discussing it in a most orderly and business-like way, and I could not help feeling that if these cultivators could transact their business like this, there is great hope for the democracy of Bengal.

- 5. Now it was the co-operative society, working among them for three years, that educated these cultivators in these business-like methods of debate and procedure, and if the other co-operative societies in the province produce similar results with their members, we shall assuredly have these effects reflected in our Councils, and we shall assuredly prove that we are fit to govern ourselves.
- 6. The control of the Department of Co-operative Societies has been handed over to the elected representatives of the people. It is for us now, the elected representatives of the people (and that means the people themselves) to make or mar them. The statement is doubly true, for the Co-operative Societies themselves are in the hands of the members of the societies, and as the members do their share well or badly, so will the societies succeed or fail. On the other hand Government cannot stand aloof from a great popular economic movement of this kind, and the policy of Government towards this movement must be influenced by the people themselves through their elected representatives. You have been assured by His Excellency of

the sympathy of Government, and as the first Minister to be entrusted with this portfolio I too assure you that your interests will not be neglected. But I would be failing in my duty were I not to warn you that more depends upon yourselves than upon Government. Your societies are primarily societies for selfhelp, and I am assured that those of them which have succeeded best are precisely those which have kept this fact most constantly in view. They are also to some extent in the same position as private business, and you should not expect too much by way of concessions and favours and differential treatment. When I say this I do not forget for one moment the differences that do exist between private businesses and co-operative societies, the differences which have won vou concessions and favours in the past. But I do not want you to take a one-sided view. With the growth of Co-operative Stores, for instance, competing with ordinary traders there would soon be an outcry if Government carried its favours to the Stores too far. The societies must endeavour to stand on their own legs, just as private undertakings do, but realizing the handicap under which their members have to work and the great asset on the side of law and order and education which the societies are to the administration, Government will not hesitate to help them in the future as in the past.

7. You have a very varied programme before you: there are twenty papers in the printed book and three other papers separately circulated. These papers embrace a great range of subjects: there are questions of law, and questions of accounts: there are rural problems and urban problems: there are old organizations and new departures: papers on co-operative housing, co-operative industries, co-operative sale and supply, co-operative irrigation, co-operative cattle insurance, and even co-operative education. I am glad to see the signs of ever renewed activity which these papers indicate, and particularly glad to see that you have set your minds on co-operative ventures other than credit. No one knows better than I do that credit is essential to the cultivator, especially in Bengal, and while realizing to the full the importance of this credit, and the fact that in its best form it will be co-operative credit, which not only satisfies

immediate wants, but eliminates waste, encourages thrift, and looks forward to a future of independence and self-reliance; while realising all this I cannot close my eyes to the other great fields, virgin fields for the most part, that lie before you.

- 8. The Co-operaive sale of his produce, for instance, appears to me, if properly developed, to contain untold possibilities for the betterment of the cultivator. Indeed I have seen it myself successfully at work in Naogaon, and to see the principal working there extended as successfully to the other harvests of this province would be a cause of great satisfaction and a cause of enormous improvements in the lot of the culti-I need hardly outline the advantages of the working of that principle. The cultivator, when his harvest is ripe, gets something for his crop, not perhaps the full price, but something wherewith to meet his creditors, to pay his rent, and purchase the pressing needs of himself and his family. He is not compelled to dispose absolutely of his crops when the market is flooded with similar crops, nor to compete for sale with his brother and thus reduce the income of both. His society takes it from him, advances him part of the price, and retains the harvest in store until its full value is obtainable. I have seen this principle in operation in the case of a crop which is not worth more than ten lakhs of rupees, and I have seen the people from part of the savings of the co-operative sale of that crop finance their own education, medical aid, and other similar undertakings. Now the crops of Bengal are worth very many crores of rupees and great things could be done by co-operative societies if they could organize the sale of these crops.
- 9. Well, gentlemen, I know you will discuss these and other problems and truly weigh the arguments for and against and I shall no longer stand between you and the proceedings on your agenda. I most heartily welcome you all to the conference, and it will be a pleasure to preside over your deliberations. May I ask you to remember that the time at our disposal is short, and the subjects numerous, and suggest, without any intention of unduly restricting your opportunities, that each speaker should be as brief as possible: Otherwise there may not be time to discuss all the papers.

10. I now call upon the Registrar to report briefly to the Conference the action taken on the resolutions of the last Conference.

## 3. The Registrar's Review of the action taken upon the Resolutions passed by the last Provincial Co-operative Conference.

Gentlemen,

At the 10th Provincial Conference 15 resolutions were passed. It is my duty to report to you the action which has been taken upon these resolutions.

2. The 1st resolution was:—"That the Conference recommends that all organization should be done with the greatest care and the share-basis type of society should be generally adopted in future organization."

A circular to this effect has been issued to all Central Banks and honorary organizers and to all persons likely to be interested: No society is now registered unless its bye-laws provide for shares.

3. The 1st part of the second resolution was:—"That as the people of India cannot begin their onward march while heavily laden with debt and moneyless, this conference respectfully requests the Government of India to appoint, at an early date a Committee of Bankers, business men and co-operative workers to consider how the banking facilities of the country can be improved and developed especially with a view to the financing of the co-operative movement and the bringing of cheap finance to the great producing masses of the people."

In pursuance of this resolution a letter was written to the Government of Bengal and it is understood that the matter was referred for consideration to the Government of India.

4. The second part of the second resolution was:—"This Conference also respectfully suggests that the Government of Bengal formulate a definite development policy for the co-operative movement, in order that it may cover the province within ten years' time, and that the staff of the co-operative department be increased as may be necessary for that purpose."

In reply to a letter conveying the resolution to them the Government of Bengal have written as follows:—"As regards the second part of the resolution I am to say that while the Governor in Council is prepared, so far as the provincial finances permit, to meet every reasonable demand for the extension of the co-operative movement, he trusts that the movement would set before itself the aim of ultimately becoming self-supporting."

5. The 3rd resolution was as follows:—"That the Conference calls upon all societies to impress upon their members (1) the nine main principles of co-operation; (2)the importance of general meeting; (3) the careful issue of loans; (4) the careful selection of members; (5) punctual collection; (6) business-like account keeping; as being essential to save societies from liquidation."

Circular No. 14 of 1919, dealing with this subject has accordingly been issued.

6. The 4th resolution was a follows:—"That the Conference recommends that Government be approached to empower the Registrar under clause 3 of section 43 of the Co-operative Societies Act to expel a recalcitrant member from a co-operative society on the report of the Central Bank or of a departmental officer and that it be further moved to permit the realization of the dues of such an expelled member by the certificate procedure and that the Public Demands Recovery Act be amended accordingly."

The Government was addressed upon the subject and the matter is still under their consideration.

7. The 5th resolution was as foslows:—"That the Conference recommends Honorary Organisers and others interested in the co-operative movement to endeavour to bring about settlements between mahajans and members of societies on the lines suggested in paper No. IV."

A circular has accordingly been issued to this effect.

8. The 6th resolution was as follows:—"That the papers on training submitted to this conference be referred to a committee consisting of the undermentioned gentlemen, with power to add to their number, and that they, after a full consideration of the matter submit a workable scheme with special reference

to finance, on co-operative training, both theoretical and practical, for inspectors, supervisors and secretaries separately, and that it should submit its report in three months' time to the Registrar for his approval:—

Prof. P. Mukherjee,
Prof. R. K. Mukherjee,
Mr. T. C. Roy,
Mr. I. B. Dutt,
Khan Bahadur Maulavi Asaduzzaman,
Maulavi A. F. M. Abdul Ali,
Babu Naba Gopal Chaki,
Rai Indu Bhusan Bhaduri Bahadur,
Mr. Nripendra Chandra Bose and the mover."

The committee was convened and their report is laid on the table.

8. The 7th resolution was as follows:—"That the Article 143 A (20) of the Civil Account Code be so amended that subdivisional treasuries may be authorized to receive any amount above the sum of Rs. 150 from co-operative societies for remittance to such societies in the same district or in another district by means of Remittance Transfer Receipts without their being required to be sent to the District Treasuries for enforcement."

Government was accordingly approached and the concession asked for was readily granted to several selected sub-treasuries. If the experiment in these sub-treasuries be successful the Government is prepared to consider the extension of the concession to other sub-treasuries.

10. The 8th resolution was to the effect that Central Banks should be asked to introduce the scheme of Provident Deposits outlined by Babu Naba Gauranga Basak.

A circular suggesting this to all Central Banks has been issued; the scheme has been introduced in some Central Banks and the Bengal Provincial Co-operative Federation Limited is now considering the introduction of this scheme itself.

which suggested that all Central Banks should introduce a scheme of Public Benefit Deposits.

12. The 10th resolution was as follows:—"That up to the grade of Inspectors promotion should be from the lower grades of the co-operative service, that the higher appointments be thrown open to outside men as well as to the inspectors, preference being given to the latter, other things being equal."

The matter is at present under consideration of the Government. It was decided to leave the permanent organization of the cadre of the department to the Reformed Government.

13. The 11th resolution was as follows:—"That this conference recommends the appointment of a Committee consisting of representatives of Industrial Societies and of representative businessmen to prepare a working scheme of supplying raw materials to industrial societies and for finding a market for their finished products."

The committee was convened and their report is laid on the table.

14. The 12th resolution was as follows:—"That this Conference recommends that in areas where there are no industrial co-operative unions Central Banks should appoint Industrial Sub-Committees to look after the organization, financing and supervision of Industrial Co-operative Societies."

A circular on the subject has accordingly been issued to all concerned.

- 15. The 13th resolution concerned a proposal by Mr. L. Gupta which was referred to the committee which met in connection with resolution No. 11 and dealt with by them.
- 16. The 14th resolution conveyed the thanks of the Conference to His Excellency the Governor and the 15th resolution conveyed a vote of thanks to Sir Daniel Hamilton.

Copies of these resolutions were accordingly conveyed to His Excellency the Governor and Sir Daniel Hamilton.

4. The Hon'ble Nawab Saiyad Nawab Ali Chaudhuri's concluding speech at the Eleventh Provincial Co-operative Conference.

### Gentlemen,

Before I leave you I desire to express the great pleasure it has given to me to preside over your meeting, and to thank you

for all you have done to make this Conference a success. It is not the first Co-operative Conference at which I have been present, and I sincerely hope it will not be the last. I believe in the efficacy of such Conferences as these, and I hope that they will continue to be a feature of the Co-operative Movement in Bengal. The fact of so many of you coming together and exchanging your ideas must result in the benefit of the societies which you represent, and the result of your deliberations in an assembly like this must at the same time be greatly helpful to the administration of the department. To the Minister in charge of the portfolio it is a great source of satisfaction to know that there is such a great body of the leading men in the mufassil co-operating with him in his efforts to mitigate the economic difficulties of the agriculturists and artizans of Bengal.

You have worked through a very heavy programme and the two outstanding qualities which have characterized your discussions appear to me to have been expedition and harmon v, qualities which I need hardly tell you are essential to the success of co-operation. There has been no waste of time and yet you have let none of the important arguments in connexion with your subjects escape you; and where you have had differences of opinion you have expressed them boldly but without in any way hurting the feelings of those who were opposed to you.

You decided at the beginning to have your discussions in the language which each member found most convenient and, although this has created a certain amount of difficulty in reporting your proceedings, it must be admitted that it was probably a wise decision. At the same time it appears to me that it had not the full effect which might have been expected, for there were still many members of the conference who did not contribute to the debates. Perhaps, however, they came here to listen only, and by listening they may have learned much which may be useful to their societies when they return to them.

The decisions you have taken on the various quustions considered by you will be taken into account in framing and carrying out the policy of the department, and the recommenda-

tions which you have made to Government in various connections will receive the consideration which they deserve. You cannot—and I am sure you do not—expect me now to announce the exact steps that will be taken on your recommendations, but you are entitled to the assurance which I readily give you, that they will receive very serious consideration.

There is only one matter upon which I shall touch in particular, namely, your recommendations in regard to the staff of the department, and especially the inspecting and auditing It must have been a source of great gratification to that staff to have heard how highly you appreciate their services, and to have witnessed the unanimity with which you commended them to Government for the improvement of their emoluments and prospects. This recommendation was made by the Committee on Co-operation nearly 6 years ago, and possibly it would have been taken up before but for the Great War. One of the earliest acts of the Secretary of State after peace was declared was to make this department permanent, and it has naturally been left to the reformed Government to organize the cadre on a permanent basis. You all know the difficulties of finance with which Bengal is at present beset, but in spite of these we can hardly postpone this pressing question any longer. fore asked the Registrar some time ago to send up his proposals. He is well acquainted, I believe, with your ideas on the subject, and he tells me that his proposals will be submitted very soon. They will be examined sympathetically as I am sure they will be sympathetically submitted and when the final decision is taken they will, I hope, receive warm support not only from the strong party of co-operators in the Council, but from all the Members. We shall do our best to make them satisfactory to you and to the officers of whom you have spoken so highly, and I trust that these officers will make it their aim to continue to deserve your approbation.

Again, gentlemen, I thank you most heartily for your presence and your good work in the mufassil, and in parting with you I express the sincere wish that we shall all meet again after another stage on the onward march of the great movement of co-operation with which we are all associated.

### 5. Resolutions carried at the Eleventh Bengal Provincial Co-operative Conference.

- 1. That the proceedings of the Conference should be printed in Bengali and circulated to all the rural societies in Bengal.
- 2. That where societies, reserve funds have been entrusted to Central Banks for investment and invested in securities which depreciate, the loss by depreciation should be spread over the societies. Otherwise it should be borne by the Central Bank.
- 3. That awards of arbitrators be recoverable by the Certificate Procedure instead of through the Civil Courts.
- 4. That this Conference requests the Government of Bengal and the Calcutta Improvement Trust to assist in the development of co operative housing societies for the various communities in and around Calcutta.
- 5. That co-operative societies be established to provide scholarships for the higher education of Anglo-Indians as well as Indians.
- 6. This Conference recommends that important Central Banks in places where veterinary aid is available be requested to try the experiment of co-operative cattle insurance on the Burma model. This Conference does not recommend action being taken generally before experience is gained in the working of the scheme in selected areas.
- 7. That Unions should be formed under Central Banks with a view to decentralizing the inspection of rural banks, such expenses as are incurred being borne by the Central Banks.
- 8. (a) That proper provision be made for financing Industrial Co-operative Societies and that fresh legislation be undertaken towards that end, if necessary.
- (b) That the following steps should be taken to meet immediate requirements:—
- A. Government rules for loans under the Co-operative Societies Act should be so amended so as
  - (i) to make it possible for a society to get an advance up to twice the amount of capital subscribed or deposited by its members, and

- (ii) to authorize Local Government to advance sums up to Rs. 10,000 without reference to the Government of India.
- B. Government should assist the Bengal Provincial Cooperative Federation, Limited, and the Central Banks and Unions in financing the larger projects by guaranteeing them against losses up to 25 per cent. of the advances made:
- (c) That Government should, in suitable cases make free grants to Industrial Co-operative Societies for experimental, and demonstrative purposes.
- 9. That the formation of irrigation societies on a co-operative basis be encouraged and that Government be approached to place one or more Engineers under the Co-operative Department for the necessary technical work in connection with such societies.
- 10. That the pay and prospects of Inspectors, Auditors and Supervisors are inadequate and should be improved.
- 11. That State aid for the provision of proper management be granted in the initial stages of Co-operative Stores and Cooperative Supply and Sale Societies.
- 12. That a Central Provincial Agency be established at Calcutta to arrange for the supply of materials to outside Cooperative Supply and Sale Societies and Stores and for the disposal of their raw materials and finished products.
- 13. That Government do provide in the Registration Manual for the despatch of bonds and documents by Co-operative Societies (for registration) by post on receipt of postal fees as is done in case of District Boards.
- 14. That it is desirable to organise Supply and Sale Societies including both Producers and Consumers.
- 15. That serious attempts should be made by expert organizers possessing technical knowledge of trade as well as sagacity for jute business to organize on sound lines Co-operative Jute Sale Societies so as to exclude the middlemen and to ensure adequate remuneration to the actual tillers of the soil. A committee of experts should be formed to formulate a definite scheme for practical action.
  - 16. That the system of "Mustichaul" be encouraged.

- 17. That the debts of a refractory member of a co-operative society may be made recoverable by the Certificate Procedure, instead of having recourse to the Civil Courts.
- 18. That the Conference calls upon the Registrar of Cooperative Societies and the Director of Agriculture to consider what steps can be taken towards the amalgamation of co-operative societies and agricultural associations where these exist side by side and towards the utilization of the existing co-operative societies in future for the formation of Agricultural Associations.
- 19. That this Conference notes with regret the absence of co-operative societies among factory hands and desires to draw the attention of employers of labour to the desirability of forming such societies.
- 20. That the ticket system of encouraging thrift be introduced.
- 21. That steps be taken to induce the holders of Postal Cash Certificates to deposit the money realized on the encashment of their cash certificates in co-operative societies.
- 22. That Co-operative Anti-Malaria Societies on the lines of Panihati Society under the aegis of the Central Anti-Malaria Society be organized throughout Bengal.
- 23. That this Conference recommends to Government the desirability of enlisting the sympathy of the District Board and the Chowkidari Union for help for these struggling societies in their initial stages.
- 24. That Government be moved to refund money order commission on remittances by postal money orders between societies and their financing agents or wholesale purveyors.
- 25. That a Committee be formed to go into the question of allowing all Central Co-operative Banks with a full salaried staff on opening cash credit accounts with the Bengal Provincial Co-operative Federation to issue cheques for the use of the general public, to the maximum amount, as fixed by the Central Banks and the Federation; and that they be authorized to charge a small commission for issuing and cashing cheques, at rates as fixed by their Board of Directors.

# THE BENGAL CO-OPERATIVE ORGANIZATION SOCIETY

### Third Annual General Meeting.

The Third Annual General Meeting of the Bengal Co-operative Organization Society was held at the Dalhousie Institute Hall on the 26th of February, 1921, at 12 noon. The Hon'ble Maharaja Sir Manindra Chandra Nandi Bahadur, K.C.S.I., of Kashimbazar presided. Among those present we noticed Kumar Sib Shekhareswar Roy, M.L.C., Mr. J. T. Donovan, I.C.S., Mr. T. C. Roy, Khan Bahadur Asaduzzaman, Khan Bahadur Ataur Rahaman, Mr. I. B. Dutt, M.L.C., Prof. P. Mukherji, Mr. A. F. M. Abdul Ali, Prof. Promathanath Sarkar, Babu Nabagopal Bose, Rai Shahib Kamala Prosanna Roy, Kumar M. C. Sinha, Rai Dr. Chunilal Bose Bahadur, Mr. N. C. Bose, Rai Indu Bhusan Bhaduri Bahadur, Babu Surendra Narayan Sinha, M.L.C., Rai Sahib Narendranath Chatterji, Mr. M. Mahmud, Rai Sahib Taraknath Maitra, Rai Radhika Mohan Lahiri Bahadur.

1. The President delivered the following opening address—

"It affords me very great pleasure to be able to take part in the 3rd Annual General Meeting of the Bengal Co-operative Organization Society. Co-operation is one of the latest words and ideas which have worked wonders and miracles in the western world. It has made enormous strides already and contributed largely to the organization and social efficiency in Germany, Italy and France. The English mind has also recently grasped this idea as a great lever to social improvement. I will not on this occasion take you over to the inception and history of co-operation in Europe, but I think it is not out of place for me to mention here some of the salient features of the movement in this country.

2. When the Co-operative Credit Societies Act was passed in the year 1904 few could dream that, only 15 years later, British India would be able to boast about 33,000 co-operative societies of all kinds, with a total membership of more than 1,200,000 and a working capital of 17.5

millions of rupees. Though the progress of the movement has undoubtedly been rapid, yet it must be admitted that this progress has been all too one-sided. Agricultural credit co-operative societies overwhelmingly out-number agricultural non-credit societies—for, of the 32,439 co-operative societies existing in India in 1919 as many as 28,487 are credit societies and only 500 belong to non-credit forms of agricultural co-operation. The credit societies are giving loans to the ryot, but they have not so far made any serious attempt to induce him to increase his crop-yield or to organize the sale of his produce so as to give him the benefit of high prices prevailing in the market.

- 3. It is unfortunate that the non-official public of Bengal has not yet appreciated the full scope and potentialities of this great economic movement which the word co-operation stands for. To the indefatigable labours of Prof. Mukherjee and to the active sympathy and support of Sir Daniel Hamilton and Mr. J. T. Donovan we owe the inception of the Bengal Co-operative Organization Society which seeks to carry on an extensive propaganda throughout Bengal to furthur the cause of the co-operative movement. The last year's report will show that it has regularly issued its Journals, organised public lectures in Calcutta and Conferences in the mofussil, printed and distributed thousands of pamphlets, improved its library of co-operative literature and initiated steps for organizing a co-operative press and a co-operative housing society.
- 4. I would make an earnest appeal to the zamindars, the professional classes and to all non-officials to rally to the banner of co-operation, to join the Bengal Co-operative Organization Society and to make it an effective and efficient institution in the land. The zamindars should especially welcome the co-operative movement, because it strengthens the resources of the ryot and improves his moral and material conditions: any movement which aims at up-lifting the ryot's economic condition should receive the whole-hearted sympathy and support of the Zamindars. The platform of co-operation is a non-party, non-political, platform, where all, Hindus and Mahommedans—Zamindars and ryots, officials and non-officials, co-operationists and non-co-operationists—can meet and help in the material and moral uplift of the nation.
- 5. I should like to draw the attention of the University authorities to the importance of the comparative study of the theory and practice of co-operation. Co-operation is one of the most living and interesting subjects of study and research and I wonder why the Universities should

not found chairs of co-operation which offers such a virgin field for social well-being.

- 6. In conclusion I would urge the Government on behalf of this society to lend to it the services of an Inspector of the Department to help in the propagandist work we have before us. The society badly needs the help of such an officer and we hope the Government will not turn a deaf car to our appeal. I hope the day is not distant when the public at large in this province—both classes and masses—will really begin to take an carnest and lively interest in this great economic movement and when it shall be possible for us to extend the principles of co-operation to increasing the quality, quantity and value of all our agricultural and industrial produces, to extending education and sanitation, to exterminating malaria and plague, to coping with famine and flood, and above all, to the relief of all social distress
- 2. On the motion of Rai Dr. Chunilal Bose Bahadur seconded by Rai Indu Bhusan Bhaduri Bahadur the following Annual Report was unanimously adopted—

Membershif:—On December 31st, 1920, the Society consisted of four Patrons, 25 Life-members, 54 Ordinary members and nearly 1,000 affiliated Societies. The total number of members was thus 1,083 at the end of last year. The Hon'ble the Maharajadhiraj Bahadur of Burdwan and the Raja of Dighapatiya joined the Society as Life-members during the year under review.

The Bengal, Bihar and Orissa Co-operative Journal:—The Journal completed its fifth year of issue in May last. It continued to appear reguarly during the year under the joint editorship of Professors Coyajee and P. Mukherji. We are glad to report that the circulation of the Journal increased in all parts of India, and the society is getting an increasingly large number of journals and periodicals in exchange.

The Bhandar:—The Bhandar completed its second year of issue and continued to appear regularly throughout the year under the joint editorship of Mr. T. C. Roy and Mr. P. N. Basu, M.A. About 1,000 rural societies get the Bhandar as affiliated members of the society; it is also sent free to certain other selected societies in the hope that they may ultimately become subscribers; the Director of Public Instruction, Bengal, has been subscribing for 200 copies of the Bhandar for schools in Bengal. If the newly established Union Boards in Bengal can be persuaded to subscribe for the Bhandar it will reach a much wider circle of readers.

The Buchan Memorial Library:—Several new books have been added to the library during the year. We have now about 140 volumes in the library. The Registrars of Co-operative Societies of most of the Provinces and the Managers of several Provincial Banks have earned our thanks by sending us their Reports and other publications. We have now secured the back volumes of all the leading English Co-operative Journals, such as, the International Review of Agricultural Economics (Rome), the International Co-operative Bulletin (London), the Better Business (Dublin), the Bombay Co-operative Quarterly, the Madras Co-operative Bulletin, etc. Besides, we get the following, among others, journals in exchange for our Journal—The Agricultural Journal of India, the Indian Review, the Modern Review the Local Self-Government Gazette, the scientific Agriculturist, Mysore Economic Journal, Social Service Quarterly, etc. The Library is used not only by our local ordinary members, but also by students, officers of the Co-operative Department, and, in some cases, by mofussil co-operators.

Public Lecture:—The year opened with a lecture delivered by Mr. J. T. Donovan on "Co-operation and the Milk Supply of Calcutta" on January 17, 1920 at the Rammohan Library Hall under the Chairmanship of the Hon'ble the Maharajadhiraj Bahadur of Burdwan.

The Annual General Meeting of the Society came off on February 28, 1920, with Sir R. N. Mookerji, K.C.I.E., in the Chair.

On the 3rd of March, 1920, Mr. T. C. Roy delivered an address on "Co-operation in the New Order," Sir John Cumming presiding.

Mr. F. J. Monahan, I.C.S., presided at a lecture on "Co-operative Housing" delivered by Prof. P. Mukerji at the Y. M. C. A. Hall on 31st of March, 1920.

Pamphlets and other Publications:—1-2. Mr. G. S. Dutt's pamphlet on "A Practical Scheme of Agricultural Organization and Rural Reconstruction in Bengal" was translated into Bengali by Mr. T. C. Roy and an edition of 5,000 copies was printed. About 3,500 copies were sold at a nominal price to several District Boards in Bengal, the Birbhum and Rajshahi District Boards taking 1,000 copies each. The Director of Agriculture took 250 copies of each of the English and Bengali editions of Mr. Dutt's pamphlet. Throughout the year there was a continuous demand for Mr. Dutt's English pamphlet which had to be reprinted by the society.

3-4. Mr. Donovan's lecture on "Co-operation and the Milk Supply of Calcutta" was reprinted as a B. C. O. S. pamphlet with a foreword from

the Hon'ble the Maharajadhiraj Bahadur of Burdwan. A Bengali Edition of the pamphlet prepared by Mr. T. C. Roy has also been published.

5. Prof. P. Mukherji's paper on "Co-operative Housing" was published in pamphlet form and was sent to all members of the Calcutta Improvement Trust and of the Calcutta Corporation.

Co-operative Propaganda in the Mofussil:—The Journal and the Bhandar have no doubt been potent instruments for propagating Co-operative ideas in the mofussil. But the more direct propagandist efforts in the shape of Co-operative Conferences were continued.

In February, 1920, a Conference was held at Bhanguria (Pabna) under the joint auspices of our Society and the Pabna Central Bank and two watches were presented by the Society to the Secretaries of the two best managed rural Societies.

In September, 1920, the second annual Co-operative Conference was held at Khulna under the joint auspices of the B. C. O. Society and the Khulna Central Bank: several representatives of the society took an active part in the Conference which was a great success from every point of view: the B. C. O. Society awarded three watches to the Secretaries of the three best managed rural societies in the Khulna area.

At the end of the year under report arrangements have been completed to hold a district Co-operative Conference at Pabna under the joint auspices of the Pabna Central Bank and the B. C. O. Society: the society will, as usual, award three watches to the secretaries of the best managed rural societies in the Pabna area.

It is pleasing to record that at the last Khulna Conference the following resolution regarding the formation of a Branch at Khulna was unanimously passed: That the following proposals be taken up for decision at once by the Central Banks concerned:—

- (1) That a local Branch of the B. C. O. S. be formed at Khulna with the members of all the Co-operative Societies within the District as its members;
- (2) That the cost of carrying on the work of the Branch be borne by the three Central Banks of the District;
- (3) That the first Executive Committee of the Local Branch consist of the Secretaries of the three Central Banks, the Circle Inspector of the District, Rai A. L. Raha Bahadur, Babu Jnanendra Nath Dutt Chaudhury, Babu Adwaita Charan Rakshit and Maulyi Shamsur Rahman with the Collector as

Chairman, to frame rules with a view to start work without delay.

The Society took part in the exhibitions held at Burdwan and other places.

Committee Meetings:—Over and above the meetings of the Executive and General Committees there were meetings of three important Sub-Committees—

- (a) The Co-operative Training Sub-committee considered afresh the question of framing a workable scheme of co-operative training and submitted their Report to the Registrar.
- (b) The Co-operative Press Sub-Committee has been engaged in working out a scheme for starting a Central Co-operative Press in Calcutta to do the necessary printing work for the B. C. O. Society, the Provincial Co-operative Federation and the Co-operative Societies all over the Presidency. In response to the Hon. Secretary's circular a dozen Central Banks have so far favourably received the proposal regarding the formation of a Central Co-operative Press. The Committee are awaiting replies from the remaining Central Banks before taking further action in the matter.
- (c) The Co-operative Housing Sub-committee: This Sub-committee has been engaged in elaborating housing schemes for (1) middle-class Bengalis, and (2) Anglo-Indians in, Calcutta.

Other Activities:—(a) An important Conference of representatives of Calcutta Co-operative Societies was held in March, 1920, under the auspices of the Society to consider the question of starting a Central Store for benefit of the members of the Calcutta Urban Co-operative Societies. The scheme is under examination.

- (b) At the meeting of the Board of the Bengal Agricultural Department held in February, 1920, under the presidency of Sir John Cumming, Prof. P. Mukherji, our Hon. Secretary, moved the following Resolution which was unanimously passed—"That the Board of the Agricultural Department advise Government to take necessary steps for organizing the production and sale of Agricultural produce on Co-operative lines; and that, with this end in view, a Central Agricultural Purchase and Sale Society be organized in some suitable centre by the Departments of Agriculture and Co-operation".
- (c) Prof. P. Mukherji, our Hon. Secretary, was appointed by Government to be an Hon: Organizer of Co-operative Societies for the whole of

Bengal, for a period of two years, to enable him to carry on the propaganda work.

A Bureau of Information and Advice:—The Society has become a Central Bureau of information and advice. Enquiries have been addressed to the Secretary not only from different parts of Bengal, but also from different parts of India. Questions of legal interpretation, information regarding agricultural implements and machinery, information regarding various kinds of Co-operative Societies, drafting of bye-laws for new kinds of societies queries regarding books and authorities, and various other details have had to be attended to by the Secretaries: this is gradually growing to be an important function of the Society.

The Financial Position of the Society:—The audited statement of accounts will show how, while Rs. 2,800 is retained as funded capital, the income and expenditure of the Society nearly balance each other. If the society is to follow out its full programme of propaganda, it must be provided with more funds and more men. The Government grant of Rs. 1,980 per annum was made in 1918 for a period of three years; it has to be renewed in the current year; we have made an appeal to Government in due time to increase its grant to Rs. 3,000 per annum. In addition, we hope they will kindly lend to the society the services of an expert Inspector to help it in carrying on its increasing volume of work.

Our Programme for the coming year:—In our two previous Reports the programme and policy of the society have been laid down in clear terms and it is needless to repeat them here; non-official propaganda work is as important and necessary as the official direction of the movement. Men and money are the two things necessary for this purpose: if we have the men, money will be forthcoming. But, unfortunately, non-official workers are not satisfactorily responding to our call for help. If the society is to expand its activities in the directions indicated in last year's annual report, if it to carry out its full programme of Co-operative Training and propaganda in Calcutta and in the mofussil, official aid and guidance must be supplemented by generous and abundant non-official assistance. We make an earnest appeal to all—merchants, teachers, zemindars and members of the legal and medical professions—to come forward and help us in achieving our object of propagating co-operative ideas throughout the Province.

The thanks of the Society are due to Mr. J. T. Donovan, Mr. M. Thorp, Mr. T. C. Roy, Mr. N. C. Bose, Professor J. C. Coyajee and Professor P.

Mukherji for the services they have ungrudgingly rendered in diverse ways to the Society.

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- 3. On the motion of Mr. T. C. Roy seconded by Kumar M. C. Singha, Sir P. C. Roy, Kt., C.I.E., D.Sc., was unanimously elected Chairman of the Society for the year 1921.
- 4. On the motion of Rai Sahib Taraknath Maitra seconded by Mr. A. F. M. Abdul Ali the following office-bearers were elected for the year 1921—

Vice President—Mr. J. T. Donovan, I.C.S.

Hon. Secretary-Prof. P. Mukherji, M.A., I.E.S. (Offg.).

Hon. Asst. Secretary-Prof. Promathanath Sarkar, M.A.

Hon. Treasurer-Mr. N. C. Bose.

Hon. Auditor-Babu Muralidhar Das.

5. On the motion of Mr. B. De seconded by Khan Bhadur Asaduzzaman the following were elected members of the Executive Committee for the year 1921—

Hon'ble Mr. P. C. Mitter, C.I.E.; Rai Indu Bhusan Bhaduri Bahadur; Prof. B. K. Bhattacherjee; Mr. C. G. B. Stevans; Babu Surendra Narayan Sinha, M.L.C.; Babu Tarak Chandra Roy; Rai Bahadur Dr. C. L. Bose; Principal G. C. Bose; Babu Surendra Nath Mallik, M.L.C.; Mr. B. De; Rai Radhica Mohan Lahiri Bahadur; Kumar M. C. Sinha; Rai Sahib Narendranath Chatterji; Dr. D. N. Maitra; Mr. N. G. Basak; Rai Sahib Taraknath Maitra; Babu Nabagopal Bose; Mr. S. M. Bose; Mr. M. Mahmud; Khan Bahadur Asaduzzaman; Mr. H. W. B. Moreno; Khan Sahib Abdul Majid (Gaibandha); Khan Bahadur Wasimuddin Ahmed (Pabna); Mr. Mofizuddin Ahmed, M.A., B.L. (Narainganj).

- 6. Babu Kishori Mohan Chaudhuri, M.L.C. moved a hearty vote of thanks to the outgoing office-bearers and members of the Executive Committee and to the Naogaon Ganja Cultivators' Society for their handsome donation of Rs. 500 to the Society.
- 7. The meeting terminated with a vote of thanks to the Chair proposed by Kumar Shib Shekhereswar Roy, M.L.C. and seconded by Babu Surendra Narayan Sinha, M.L.C.

# THE THIRD ANNUAL GENERAL MEETING OF THE BENGAL PROVINCIAL CO-OPERATIVE FEDERATION, LIMITED 27th February, 1921

The first item on the agenda was the election of the Board of Directors for the coming year and this was taken up along with item No. 6(3) in regard to the appointment of a non-official Chairman.

After discussion it was decided in accordance with the wish of the Government of India to have a non-official Chairman in future. The Board was then elected as follows:—

For the Rajshahi Division Khan Bahadur Maulavi Ataur Rahman and Rai Sahib Tarak Nath Moitra; for the Chittagong Division Mr. I. B. Dutt, M.L.C., and Babu Nalini Nath Banerjee; for the Burdwan Division Babu Manmatha Nath Bose and Rai Sahib Kamala Prosanna Roy; for the Presidency Division Rai Indu Bhusan Bhaduri Bahadur and Babu Jatindra Nath Ghose; for the Dacca Division Khan Bahadur Maulavi Zahiruddin Ahmad, M. L. A., and Babu Bireshwar Lahiri.

- Mr. J. T. Donovan, I.C.S., and Mr. N. C. Bose were elected from Calcutta.
- Mr. I. B. Dutt was unanimously elected Chairman of the Federation for the coming year.
- 2. The annual report of the Directors was next considered and accepted.

"The Directors beg to submit their report and the audited accounts of the Bengal Provincial Co-operative Federation, Ltd., for the year ended 31st December, 1920. Although the balance sheet shows a net profit of Rs. 21,899-13-9 after providing Rs. 10,000 for depreciation your Directors by a majority, have decided to recommend to you that provision should be made from the profits for the total depreciation of the securities held by the Federation, the additional sum to be placed in the depreciation reserve is Rs. 11,854-4-0 and there will therefore remain for distribution a sum of Rs. 10,045-9-9 of which 25% must be placed in the statutory reserve. The Directors recommend payment of a dividend at  $2\frac{1}{2}$ % on shares. They also

recommend a bonus of Rs. 500 to the Manager and a bonus of one month's pay to the staff.

The good work done by the Federation has, we are glad to observe, dispelled much of the misapprehension which existed as to its real aims and objects and it is a matter of great satisfaction to us to be able to record an increasing growth of harmony in its relations with its affiliated societies.

As in previous years the Federation rendered great assistance to its members by offering good terms for their idle funds. It paid 4½% on Current Deposits and 5% on Reserve Fund Deposits of Central Banks and on deposits for short terms—for 3 or 6 months. The conditions of the money market made it difficult for a time to continue this rate but in view of the benefit derived by the members no reduction was made even though the profits of the Federation suffered. The making of large profits is not among the objects of the Federation; its chief aim being to accord its services as cheaply as possible to its client societies. That the members did not fail to take advantage of the facilities offered is evidenced from the fact that during the year 18.61 lakhs was deposited by the members in current account as against 13.01 lakhs of the previous year while withdrawals from the same account amounted to Rs. 18.80 lakhs as against 8.57 lakhs of the previous year. These frequent deposits and withdrawals are the surest signs of the healthy working of the Federation.

Short term deposits amounting to Rs. 5,24,156, were received from members while repayments on this account amounted to Rs. 4,85,902. The Reserved Fund Deposit of the members amounted to Rs. 37,197 against Rs. 26,035 of last year.

Cash Credits have been formally granted to the undermentioned members for the amounts shown against each. No member has been refused a Cash Credit up to one third of its normal credit and every member is entitled to such cash credit but all have not yet claimed it.

| Pabna C. B.      | <i>:</i> | •••        | •••     | ٠ | •••   | 36,000   |
|------------------|----------|------------|---------|---|-------|----------|
| Milk Union       | •••      |            | •••     |   |       | 3,000    |
| Khepupara C. B.  | •••      | •••        | •••     |   |       | 3,000    |
| Rampurhat C. B.  | •••      | • • •      | •••     |   |       | 8,000    |
| Dacca C. B.      | . •••    | <b>;··</b> | •••     |   | ,•••  | 18,250   |
| Gaibandha C. B.  | •••      |            | •••     |   | • • • | 28,800   |
| Naogaon Ganja So | cicty    | ***        | •••     |   | .4.   | 1,00,000 |
| Birbhum C. B.    | •••      | •••        | •••     |   | •••   | 1,600    |
| Darjeeling C. B. | •••      | * *,*      | • • • • |   | ,•••  | 5,000    |
| Raruli C. B.     | •••      | •••        | •••     |   |       | 10,000   |

We regret that the financial position of the Federation does not yet justify an attempt at treating all loans as cash credits. The reasons were given at length in our last report and need not be reproduced here. In practice however, the Federation has rarely refused to accept deposits before

maturity and has rarely refused loans and extensions where good reasons for such were given.

The sanctioned credit with the Imperial Bank of India, Calcutta, stood at Rs. 3,78,800 on 31st December, 1920. The transactions show a credit of Rs. 32.71 lakhs to this account against a withdrawal of Rs. 32.85 lakhs during the year. The account showed its highest debit balance on the 9th June, 1920.

Membership has increased from 63 to 71 and the share capital from 2.19 lakhs to 2.76 lakhs.

Loans issued to members amounted to 13,83 lakhs against 11.16 lakhs of the previous year while repayments amounted to 14.06 lakhs against 12.29 lakhs of the previous year.

Rs. 1,37,940 was received as fixed deposit from non-members against Rs. 2,19,758 of the previous year. The balance of deposits of non-members on 31st December, 1920, shows a decrease by Rs. 2,74,227. The falling off is explained by the repayment, on maturity, of deposits carrying high rates of interest and to the shortage of fresh deposits due partly to the tightness of the money market but mainly to the offer of higher rates by certain Central Banks to the Calcutta financiers. This practice of seeking funds in Calcutta at rates higher than the Federation rates is very injudicious on the part of the Central Banks. As a matter of fact it eventually operates to their own loss, as the Federation would always help them, and it is detrimental to the general interests of the movement. It is to be hoped it will cease. The Federation,, however, had no difficulty in meeting the legitimate demands of its members and throughout the year it commanded resources adequate to meet every contingency. Although the Federation is open to accept deposits from the public its ultimate aim is to act as a balancing institution for the Central Banks' finance and to utilize throughout the year the excess deposits of some of its members to supply the deficiency of finance in others. You will be glad to observe from the balance sheet submitted by the auditors that the financial position of the Bank continues to be satisfactory. It commanded adequate fluid resource throughout the year. On the 31st December, 1920, it had 3.92 lakhs in Government Paper, 3.55 lakhs as deposits of a liquid nature in Joint Stock Banks and 3.77 lakhs as undrawn balance of cash credit with the Imperial Bank. So that, in all, it had Rs. 11.24 lakhs of fluid resource against 4.52 lakhs of deposits maturing in 12 months, 5.06 lakhs on account of current deposits and 1.90 lakhs representing undrawn balance of cash credit granted to the affiliated societies.

Non-official Chairman—The Government of India expressed a desire that the Registrar should not be asked to continue as Chairman for more than three years. It is necessary therefore for the General Meeting to consider this question now.

Profits—The profits for the year but for depreciation of securities would have been Rs. 31,899-13-9. The depreciation of some of the securities at least can be considered as only temporary and all our securities mature at certain definite and comparatively early date, viz., 1928, 30 and 45 to 55.

It would be deceiving ourselves and our clients if we did not provide for depreciation and we have therefore proposed to write off the whole of the amount by which our securities have depreciated leaving Rs. 10,045-9-9 as net profit available for distribution and of this amount we must place according to law at least Rs. 2,511-6-5 in the statutory reserve fund. Entrance fees must also be added to the Reserve Fund.

The work of the staff has been uniformly satisfactory.

The Directors are grateful to the Working Committee for the good work done by them.

The Directors retire under bye-law 40 and all are eligible for re-election.

- 3. A dividend of 2½ per cent. as suggested by the Board of Directors was passed.
- 4. The maximum amount of borrowings for the year was fixed at 10 times the sum of the paid up share capital plus Reserve Fund separately invested.
- 5. The following amendments to the by-laws proposed by the Directors were accepted by he meeting:—
  - (a) Bye-law 5, clause (c), Subclause (I).
- "\* \* \* and provided also that the total liabilities of the Federation at any time shall never exceed ten times the sum of the Subscribed Capital and its own Reserve Fund for the time being."

The words italicised should be replaced by "Paid up share capital and the Reserve Fund for the time being separately invested outside the Society."

(b) Bye-laws 14 and 26.

In Bye-laws 14 and 16 the word "Federation" should be substituted for the word "Bank" wherever it occurs.

(c) Bye-law 45.

"The Board of Directors shall cause minutes to be made in the books to be provided for the purpose of the following matters":—

The clause 'in the books to be provided for the purpose' should be transferred after he word 'shall' in the first line.

(d) Bye-law 50.

The word "its" should be substituted for the word "their".

(e) Bye-law 52.

The new clause to be added as Clause (3) and which will run as follows:—

"From the remainder a bonus may be paid to members but the rate of bonus recommended by the Directors shall not be increased by the General Meeting."

Existing Clause (3) to be renumbered as "Clause (4)."

(f) Bye-law 54.

The following addition should be made to the above bye-law providing for the indivisibility of the Reserve Fund.

- "(e) The Reserve Fund shall belong to the Federation and be indivisible amongst the members. It shall ordinarily be invested in Government Securities, Post Office Savings Bank or any co-operative institution approved by the Registrar or in any other means laid down in Section 32 of the Co-operative Societies' Act.
- (f) The Reserve Fund shall be available for any of the following purposes:—
  - (i) To cover any loss arising from any unforeseen circumstances such drawing upon it being reimbursed to the fund from the next accruing profits.
  - (ii) To meet any call on the Federation which cannot be met otherwise such payments being reimbursed to the fund when fresh collections are made.
  - (iii) To serve as security for any loans which the Federation has to contract.

In the case of dissolution of the Federation the Reserve Fund shall be applied to such purpose as may be determined with the approval of the Registrar by the majority of the members."

(g) Bye-law 56.

The words "some person or persons" should be substituted for the words "any person" in this bye-law.

6. Bye-law 38.

As the appointment of a non-official as Chairman of the Federation involves a change in the bye-law No. 38, this bye-law was amended.

- 7. The Budget Estimate for 1921 as presented by the Directors was approved.
- 8. Messrs. Meugens, Peat & Co. were appointed Auditors for the ensuing year.
- 9. With a vote of thanks to the retiring Board of Directors and the Chairman the meeting closed.

J. T. DONOVAN,

Chairman.

## THE NAOGAON GANJA CULTIVATORS SOCIETY

# Annual General Meeting.

The Co-operators of the Naogaon invited the Hon'ble Minister in Charge to visit. Naogaon and open the new office building of the Naogaon Ganja Cultivators' Co-operative Society Limited. This interesting ceremony took place on the 16th February. A tastefully decorated pandal was erected in the compound of the Society. The Minister opened the building with a silver lock prepared for the occasion. Mr. W. A. Marr, Commissioner, Rajshahi Division, Mr. S. C. Mukherjee, Commissioner of Excise and Salt, Bengal, Mr. J. T. Donovan, Registrar, Co-operative Societies, Bengal, Mr. Biss, Special Educational Officer, Mr. Reid, Collector of Rajshahi and other high officials and several non-officials gentlemen graced the ceremoney. Prof. P. Mukherji and Rai Indu Bhusan Bhaduri Bahadur attended as representatives of the Bengal Co-operative Organisation Society.

After this ceremony the 3rd Annual General Meeting of the Naogaon Ganja Cultivators' Co-operative Society Limited was held under the Presidentship of the Hon'ble Nawab Syed Nawab Ali Chaudhuri, Khan Bahadur, C.I.E., Minister, Bengal. The annual report on the working of the Ganja Society for the period from 1st October, 1919, to 30th September, 1920, was read and passed. Some amendments were made in the bye-laws. The Co-operators of other places were very much pleased to see the cultivator members of the society arguing very intelligently on some important questions. They really appreciated here what co-operation has done towards bettering the conditions of the cultivators.

The share capital of the society on the 30th September, 1920 stood at Rs. 29,976 with 2,932 members. It made a profit of Rs. 2,50,665-4-5, out of this the Society set apart a sum of

Rs. 11,500 for charity including Rs. 1,000 for development of Co-operative movement in Bengal.

It has employed an experienced Veterinary Assistant for the treatment of the cattle of the members. Besides this a propaganda work is taken up for starting a Cattle Insurance Society.

It has allotted out of this year's profit a sum of Rs. 25,000 for Reserve Fund.

Rs. 3,000 for price equalization fund.

Rs. 3,670-6-3 for payment of dividend.

Rs. 1,37,550-7-6 for paying bonus.

Rs. 15,000 for building fund.

First year it allotted Rs. 15,000 for Education; of this Rs. 4,500 was contributed towards subsidising a High School, Rs. 2,500 for a minor school in the Ganja Mahal and the rest was spent for primary education. A sum of Rs. 3,000 was given to a high school and a minor school out of the last year's profit.

Out of the fund provided for primary education 3 girls' schools were given comfortable corrugated iron houses with equipments and several others were provided with furniture and teaching appliances. Two primary boys' schools were provided with houses and equipments and twenty others have received monetary help. 3 boys were sent to the Rangpur Tobacco Farm to learn tobacco cultivation and curing with a monthly stipend of Rs. 10 each for about 4 months. The Society's Agricultural Farm which was under contemplation will soon be an accomplished fact. The general meeting has decided to invest Rs. 60,000 for purchase of lands for the Farm.

Through the Co-operative Credit Banks amongst the members of this Society outside debts of the members of the society are being liquidated. Many members' lands are in possession of mahajans under usufructuary mortgages and attempts are being made to clear of the loans and put them back in possession of their lands.

The members have realised that with the consumption of ganja falling, they must look round for other crops to replace it Sugar-cane finds favour with them. Twenty thousand cuttings of tana-cane which were distributed amongst the cultivators last year have proved a distinct success.

An exhibition was held with the local agricultural and industrial products on this occasion of the meeting. Prizes were awarded to those who could exhibit good products.

It was resolved in the meeting that the Society should contribute Rs. 500 to Haj Committee this year and subscribe to the same Rs. 300 annually from 1922.

# EXTRACTS FROM CENTRAL BANK REPORTS

#### 1. The Pabna Central Co-operative Bank, Ltd.

The Central Bank has pursued the same policy as in the previous two years of very cautiously granting fresh loans to its societies and it has not remained satisfied merely on issuing the loans but it has to the best of its power and opportunities watched how the new loans have been distributed among their members. Though it may be objected that this sort of interference is not strictly legal or constitutional, still experience has shown that this sort of precaution must be adopted so long at least as the full sense of joint and unlimited liability is not realised by the individual members of our constituent societies and until all the individual members realise that wrong distribution of the amount loaned by the C. B. and the misuse of the cheap credit is suicidal to themselves. At the same time the C. B. has cautiously kept in view that none of its affiliated societies is financed beyond the maximum credit.

The difficulties that are to be overcome before any marked improvement can be made are also very great. The practice of the members depositing in their societies by "Musti Chaul" has been introduced and good many societies have shown an encouraging record. Krordulia Society is the ideal on this point. Reports have been received about the starting of night schools such as at Lakhmipur where the boys of the members are being taught. In the early days of the movement, as is the case unfortunately almost everywhere, office-bearers of societies took the lions' shares of the loan; and they are as indifferent in repayment as they were selfish in the appropriation of the bigger loans for themselves. The result is that such an office-bearer cannot have the moral courage to ask his fellow members to pay since he is himself a miserable defaulter. Instances of temporary misappropriation by secretaries of the societies' cash balance are not rare. Proceedings of the bogus meetings to serve the ends

of those in powers are also sometimes detected. These discouraging aspects of our rural societies, though much removed by audit and inspection, cannot be wholly uprooted until literacy spreads more extensively among the members generally. The corporate work excepting in the 'B' and a very few of the 'C' class societies is not unfortunately much in evidence. Teaching of Co-operative principles and translation thereof into action in the village societies is the only remedy—we carnestly invite our philanthropic countrymen largely to come to our help.

The grip of the outside Mohajans has slackened very considerably over our members and their rate of interest notwithstanding the extreme stringency of the money-market, and generally the disturbed economic condition of the country, has fallen down mainly as a result of the rather extensive working of our movement.

#### 2. The Chandpur Central Co-operative Bank, Ltd.

Review of the working of affiliated societies:-

The following comparative table would give you an idea as to how the societies progressed during the year under report:—

| Year.   |     | Membership. | Working capital. | Deposits.      | Share. | Profit. | Reserve Fund. |
|---------|-----|-------------|------------------|----------------|--------|---------|---------------|
|         |     |             | Rs.              | $\mathbf{Rs}.$ | Rs.    | Rs.     | Rs.           |
| 1918-19 | ••• | 2360        | 2,02,836         | 4,014          | 1,885  | 4,881   | 7,251         |
| 1010-20 |     | 3573        | 3,34,586         | 7,685          | 6.070  | 0.513   | 12,798        |

As to defects:—In the Directors' Annual report for the year ending 30th June, 1919, the defects ordinarily to be found in the societies were at considerable length discussed and commented upon. We would not therefore recapitulate them here again. We would only say that there is no cause for anxiety as they are gradually disappearing from the societies.

As to deposits in societies one word is necessary. The cultivators with whom we are to deal in our societies, are proverbially improvident. To teach such people thrift and economy is one of the main objects of our labours. So you may easily understand how up-hill the work is. However it is satisfactory that the

members are every day appreciating the value of deposits and in some of the societies, they have gladly adopted the "Musti-rice" system.

We have already dwelt upon the re-payment of loans and interest by societies. As would appear from the Loan Account annexed, this year also some 20 societies have more or less defaulted. We are trying our best to improve their condition. We have no doubt that with your hearty sympathy and co-operation as our stimulus and inspiration we shall attain some measure of success.

One matter in this connection deserves some consideration. We make it a point to note it here because belonging as we do to a principally jute area, we feel its pinch the most. The area under this Central Bank is chiefly a jute area. One difficulty which confronts us most is the fact that the growers of jute cannot dictate the price at which they should sell. This is perhaps the only commodity on earth which shares such a fate. It is really a pity that the growers of this article are in such a precarious situation. Unlike others, they are to submit to the sweet pleasure of their purchasers. This is a strange irony of fate and even a most cursory examination of the question inclines one to hold that unless and until there is co-operation in this respect, the condition of the agriculturists at least in jute-growing areas cannot materially alter. They are so circumstanced that they cannot call up courage to refuse to sell their jute unless a certain price is offered. The pangs of hunger compel them to submit easily and often the result is that they do not get even the cost price. Necessary allowances must also have to be made for the freaks of nature over which no human agency has any control. These are some of the outstanding circumstances which require most careful consideration and investigation and we hope they will not fail to attract your attention.

Diffusion of education amongst the members is also a matter for serious consideration. We are glad to observe that in some of our societies we have been able to enlist the services of comparatively educated men and we are confident that noble as our cause is, we shall not lag behind in this respect too. Generally speaking we should say that though our societies are progressing still we should take time by the forelock and see that no defects of any sort may exist in them. Every attempt should be made to increase the number of 'B' class societies. In this connection we should tell our Supervisors that they should always aim at thorough and careful work and see that in the next audit, this years' "C" class societies may find their way to the "B" class and in awarding promotion, this will be the main criterion.

We have already referred to the "D" and "E" class societies, and have attempted to give you a glimpse into their working.

Now we should tell you, the representatives of the societies, once again that mere extraneous endeavours will be of little avail unless you yourselves be earnest honest and thoroughly business-like. After all this is business and to succeed one must do his duties like a businessman and we have no doubt that you will not misinterpret our observations and take them in the right spirit.

# Effect of the movement on the economic and moral condition of the members:

It is a happy sign that the movement has succeeded in producing an impression upon the people for whom it is intended. Office-bearers of societies are gradually learning to look upon these institutions as something different from mere moneylending concerns. In the localities where we have societies, the people generally abhor money-lenders and their business. In some of the societies, the amount of outside debts had been greatly reduced. Rates of interest have decreased. Members have realised that it is their moral duty to keep people far aloof from litigation, both civil and criminal and they have, to some extent, understood the utility of joint action for common good.

# 3. The Chittagong Central Co-operative Bank, Ltd.

The Central Bank got itself affiliated to the Bengal Co-operative Organisation Society year before last, and asked its affiliated societies to be also members to help in the sound, speedy and progressive development of the Co-operative movement in Bengal. The "Bengal Co-operative Journal" and the "Bhandar," of which the Central Bank is the subscriber, are being ably conducted under the auspices of the Bengal Co-operative Organisation Society.

One society which deserves special mention is the "Chittagong Municipal Methors Joutha Bank" established amongst the sweepers of the Chittagong Municipality. It was registered on 27-1-20. The Society is unique of its kind in the whole province. Because our much esteemed Commissioner, the Hon'ble Mr. K. C. De (Master Co-operator) helped us with his ideas and drafted a resolution on our behalf for the Municipal Commissioners, we have been successful in starting such a society amongst the members who have no property and permanent habitation.

The resolution as drafted by the Divisional Commissioner and passed at the Municipal Meeting dated 13-8-19 was to the effect:—

"Resolved that such sweepers as join the Co-operative Society proposed to be established amongst them, they be granted an advance of salary not exceeding Rs. 5 per head for the purpose of buying shares in the Society provided that the total amount of advance does not exceed Rs. 500 and that the advance be recovered from their salaries at the rate of four annas per head per month from the month of January, 1920."

The Society took loan of Rs. 3,240 from the Central Bank and repaid Rs. 300 in the meantime. It has received Rs. 3,426-4 from its members and has got payment of shares of Rs. 481-8 It is very cheering to observe that the sweepers themselves have become depositors and are trying to run up their Society by their own money and repaying the Central Bank's loan. The Society has gained profit within this short time Rs. 130 by meeting expenses of Rs. 196 and has got 191 sweepers to join it.

To gauge the progress of the Societies they are classified by the auditor specially at the time of statutory audit.

A. The specific classes are:—

"A" Good

"B" Fair

| "C" | Average        |  |  |
|-----|----------------|--|--|
| "D" | $\mathbf{Bad}$ |  |  |
| "E" | Hopeless       |  |  |

The classification as stands this year up to 30-6-20 and as compared with previous years:—

|                 | 1919-20 | 1918—19 | 1917—18 |
|-----------------|---------|---------|---------|
| "A" class       | 6       | 2       | 4       |
| "B" class       | IO      | 11      | 11      |
| "C" class       | 22      | 22      | 8       |
| "D" class       | 3       | 2       | 2       |
| "E" class       | 3       | I       | 0       |
| On probation    | 10      | 6       | 13      |
| Not yet audited | 5       | 5       |         |

The rural societies do not ask for more loans than are actually necessary and make economic use of the sums borrowed. Kists of interest are regularly kept. It appears that members understand that they are jointly and severally responsible for the punctual repayment of the loans taken and that there is a moral obligation attached thereto in helping each other in time of need. The Directors of the Central Bank feel glorified to observe that in one society, viz., the Joara J. B. (which has been classed "A") all the members contributed their quota of donations to relieve the distressed condition of their late Secretary Babu Har Gobinda Acharyya and liquidated the balance of the loan outstanding against him. The effect of the Co-operative movement on thrift and saving habit is yet to be seen.

The movement has done immense good to borrowers in this hard time of scarcity, the majority of the societies reports that the mahajans are lessening their rates of interest to keep pace with the working of the Co-operative Societies. The Paraikora Urban Co-operative Credit Society, Ltd. reports that it helped one of its members to release bond which carried interest @ 50½. The Chittagong Municipal Methors Joutha Bank reports that it helped one of its members Bachilal by name to liquidate a bond from Halim Khan Kabuli, which carried interest @ 150% and other cases as well may be cited.

The pessimistic spirit in which the people took up the movement is not noticeable now and it is rather clear that the public has rightly appreciated the benefits and consequently the Central Bank in being overwhelmed with application for establishment of new societies. Babu Akshay Kumar Bose (Inspector of Cooperative Societies) wrote a drama entitled "Samabay" (Cooperation) to explain the principles of co-operation to the public. If the drama is enacted by the several societies, it is expected that the public will be greatly educated and its attitude towards the movement will be optimistic.

The rural societies organised by the Central Bank are in general working smoothly and harmoniously. Three dispute cases were started by the Sitakunda G. C. Bank and the Registrar appointed Rai Sahib Iswar Chandra Das Gupta to be the arbitrator, and his two awards were approved by the Registrar. Babu Ranjan Lal Sen, B.L., one of the Directors took active interest and was appointed pleader to present these decrees before the courts. These decrees are being executed by the Civil Court as if they were the decree of the court. Some suits have been instituted by the Chittagong Urban Co-operative Bank, Ltd., and the Islamabad Town Bank, Ltd., and the Khitapchar Joutha Bank.

The Bengal Co-operative Organization Society of Calcutta has proved highly helpful to the Banks. The Journals—"Bengal Co-operative Journal" and the "Bhandar" are splendid publications on Co-operation; and the societies have been requested to join the Organization Society started for the sound and progressive development of Co-operation in Bengal.

Co-operation and Home Industries:—Promotion of Home Industries on Co-operative lines is a desideratum. It is expected that the Bengal Home Industries Association of Calcutta will serve as a guide.

The attention of the Directors has been drawn to the following kinds of industries of Chittagong:—

(1) Mat making, (2) Paper making, (3) Pottery, (4) Palm umbrellas, (5) Fishing nets, (6) Bamboo work, (7) Clay modelling, (8) Peacock feather industry, (9) Leather and hides. (10) Wheel wright of carts, (11) Cutlery.

Co-operation and the last Exhibition of Chittagang:-

The Exhibition was opened on the 26th February, 1920 by the then officiating Commissioner Mr. A. H. Clayton. The Cooperative Societies' stall took the foremost place in the Exhibitions, among other exhibits of agriculture and horticulture and of home industries. Our much esteemed Registrar Mr. J. T. Donovan despatched the exhibits to Chittagong under the charge of a Co-operative Inspector before they were sent to the Dacca Exhibition for His Excellency's show. The following exhibits were shewn:—

- (1) Clay models illustrating the benefits of Co-operation.
- (2) Charts and graphs shewing the gradual development of the Co-operative movement in Bengal.
- (3) Pictures representing the condition of the people before and after taking to Co-operation.
- (4) Cotton, silk, tassar, and leather goods prepared by the members of the Co-operative Industrial Societies in the Province.
- (5) Shellac toys and Cocoons being the production of Cooperative Societies.
- (6) Several models, globes, relief maps and other exhibits prepared by members of Co-operative Credit Societies in Chittagong.

# THE FATWA CO-OPERATIVE STORES, LTD.

Introduction.—It is needless to repeat what has been said in previous years still it is desirable to give a brief idea of the institution. The main object is to render facility to the cultivators in disposing of their products to the best advantage in the market because at the time of harvest cultivators require money and have to sell their produce at a cheap rate to pay off their rent and other loans. To avoid this and allow the benefit of the market they store their product at the time of harvest and in case of necessity they get 80 per cent at market rate of their goods without interest provided their goods be sold within week. But when goods are sold they have to pay at one pice per rupee in addition to the interest at 12½ per annum.

The other objects are to supply them improved seeds and manures etc. Capital.—This store came into existence on 13th March 1918 with an authorised capital of 10,000 to be made up by 2,000 shares of Rs. 5 each. Up to last year 522 shares were subscribed out of which 369 by 41 individuals and 153 shares by 17 societies and Rs. 2.002-8-0 was paid up Capital. We are glad to report that 613 shares out of which 412 were subscribed by 57 individuals; out of them one transferred his share to another share-holder and 2 share-holders transferred their shares to a corporate institution with the approval of the Board of Directors. Out of them 10 share-holders of 24 shares could not pay their Call till the close of the year thus 2,000 have been paid by them, 16 societies subscribed 201 shares and paid their full share money, i.e., Rs. 1,005 so the total paid up shares of the store was Rs. 3,005, we received Rs. 359-6-6 as fixed Deposit from individuals in deposit and Rs. 10,486 from societies for transmission to the Central Bank. Our total deposit was Rs. 17,106-0-9 out of which and deposit in previous years Rs. 17,306-10 have been refunded and sum of Rs. 359-2-6 remain with the Store. Rs. 203 was deposited in the Sonaruh Society by mistake which we got back after the close of the year. Our financier was Provincial Bank from whom we borrowed Rs. 9,864-13-2 till our share-holders resolved to open transaction with the Central Bank in an extraordinary general inceting held on 20th September 1919. Our Store was indebted to the Provincial Bank from last year to the extent Rs. 6,178-14-3 thus total debt came up to Rs. 16,043-11-5 to the Provincial institutions out of which we repaid Rs. 15,855-3-3 during the year leaving a balance of Rs. 188-8-3. Since we opened our accounts with the Central Bank we borrowed Rs. 22,547-11-6 and repaid Rs. 11,335-1-10 leaving a balance of Rs. 11,312-0-6.

The statement attached herewith will give an idea of nature of receipt and disbursement but to make it clear it seems desirable to mention

that we got Burma and broken rice from the agent appointed by the District Magistrate through the kindness of the then Sub-divisional Officer who was none other but our own Chairman. These are the only new commodities in which we dealt within the year and received only one consignment of each. It is a matter of credit to our Directors that the public were much pleased to purchase these commodities from Store than elsewhere. The reason is that they were confident of getting them cheap and actual in weight here than any where else.

Salt.—The District Board was pleased to appoint our concern as their agent for salt in the year before last we get only 4 waggons salt during whole year. It is a matter of great regret to report that although we deposited price of 2 waggons salt through the Local Post Office on the 2nd and 10th April 1919 and sent empty bags as well and inspite of numerous correspondence with the salt authorities at Khewra and Postal Department at Patna we are not in receipt of salt. It transpired that on account of slackness on the part of Postal authorities we sustained such a heavy loss in keeping our capital unemployed for over 18 months. This year again we sent 450 bags to Khewra and when our agent went to Patna, to deposit price in treasury, he was informed that it has been stopped, on reference to Khewra it was said that the District Magistrate had ordered to countersign indent that without his permission price could not be deposited. Accordingly we applied for his permission but to our utter disappointment we were disallowed to deposit price. From which it is clear that unfortunately our position is not better than even traders still it is called an official movement. It would not be out of place to mention that except our concern none was recognised as agent for salt in this town and our position in salt has already been described at the top of this paragraph thus the profitcers were allowed to extort as much as they could.

Ghec.—As the members of several societies insisted upon to dispose of their ghee but they disliked to deposit hence it was considered desirable to purchase ghee. During the year we purchased ghee for Rs. 1,784-13-4 and sold them having a stock of Rs. 248-7-0 in hand. We are glad to mention that the quality was liked by our purchasers. The Gulzarbagh Press Co-operative Store was biggest customer for this commodity.

Seeds.—We purchased only Pusa Wheat this year though popular among cultivators still in order to compete with local dealers we sustained a loss of Rs. 18-2-8.

Manures.—Our Hide salt stock of last year is still unexhausted but we cleared off castor cake which was much popular among potatoes cultivators. We made experiment of Nitrate of Soda and Bonemeal, the former was successful in onion cultivation and latter was not experimented till the close of the year. The demand for Nitrate of Soda was so increased that we made second indent and sent advance but on account of railway difficulty they could not despatch it in time and we were compelled to cancel our order

and the price sent was retured which we showed as an assests of Rs. 24-12-0 *Malpetti*.—The members and non-members whoever deposit goods in the Store has to pay commission at the rate of 3 pies per rupee but it has been reduced in case of clean Masure for Re. 1 per cent. This commission is locally called *arhat* and money advanced on deposit of goods is popularly known as Malpetti.

Hisab Chukti.—When the goods of depositors are sold to purchaser on the very day we use to credit against depositor and debit the same against purchaser and we called it Hisab Chukti, i.e., Suspense Account but when the money will be paid by the purchasers it would be credited in his account. We like to point out that even in Calcutta market the practice is otherwise. They credit against depositor or customer after a month though they realize in cash. This enable them to gain unfair interest from customers and to earn interest upon the money actually received we condemn such improper dealings.

The Ranchi Weavers Co-operative Store sent some cloth though very durable still we could not sell on account of late arrival which was due to Exhibition work and the people say that the price is higher than our market rate. Babu Dowarka Prashad, resident of Patna City, has started a Weaving business and prepared Duster, Charkhana and Motia, he requested us to find out a market and deposited his cloths and took advance thereon, though we could not find market on account of monopoly of local weavers still of late his own efforts found out a good market in Calcutta for his stuff which are clearing off our Stock.

Palodari.—The cost of handling bages, we used to pay it from Store but after goods are sold we release it from our respective members.

Dalali—In the local market there are many Dalals and without their intervention no sale can be effected. Still some of our members are to sell direct but purchaser prefer to deal with through broker who get at 0-5-0 per cent. from sellers. Thus we realised Rs. 63-1-0 and paid Rs. 51-12-3 and Rs. 1-10-6 is due total Rs. 53-6-9 leaving a sum of Rs. 9-0-3 as profit.

Last year at the time of inspection Registrar after discussing advantages of the Store with the Member of the Societies came to conclusion that before the harvest the cultivators require money to pay off rent, etc., and Baiparis use to advance money in order to get grains at cheap rate. He therefore orally advised us to make experiment in this direction. In this year it so happened that during the whole of Chait the sky remained cloudy and Members could not even thresh their grains. As desired by the Registrar they approached us and we as an experiment advanced money taking an agreement to deposit grain fixing a limit with some reliable surity with the result that the Members of several societies in a body dealt with the Store and made it popular among cultivators, our directors are glad to observe that during the year under report we collected Rs. 511-0-0 as Arhat against Rs. 279-1-6 last year. This shows that the progress is far better than that of the last year

though the profit is less than last year. It is clear that for less profit Store is not much responsible because about 1,377 was locked up during the whole year in Khewra. Rs. 500-0-0 was paid to the Barh Co-operative Mill being share Money on 29th September 1920 without any income for eight months for which about Rs. 30 interest paid by us, over and above those the transaction has been opened with the Central Bank at higher rate of interest *i.e* from 8 to 9 per cent per annum and the eby we paid Rs. 330-7-0 as interest. This means our additional loss for Rs. 36-7-0 or 1/9 of the total amount paid as an interest, this year we got Bye-laws in Hindi and English, Share Certificates and forms and Registers printed which cost us above Rs. 140-12-0 out of which Rs. 85-1-0 is still unpaid. If we take all these items they will come to Rs. 317-3-0 taking Rs. 55-11-0 actually paid printing charges, we unnecessarily sustained a loss of Rs. 176-7-0.

It would be not out of place if we mention here regarding dealings with weavers of Fatwa who are famous for many kind of cloth. This year we arranged to get some yarns to supply them, they did not turn up to get their yarns from this place though our price is lower than they pay for it we cannot describe any other reason except conservation not to go outside.

Profits.—In spite of strain upon our resources and loss of about Rs. 200 stated in the foregiong pages we could earn Rs. 769/9/7 as net profit during the year. As a matter of fact our Directors set aside Rs. 192/6/10 to reserve fund and Rs. 100/- to Building fund created last year and Rs. 51/- to charity (Rs. 11/- to Dispensary and Rs. 20/- to each V.P.H.E. Patshala and M. E. School) and Rs. 329/12/3 for distribution among Share holders as dividend at the rate of Rs. 12½ per cent. The remaining sum of Rs. 96/6/3 will be carried forward to next year's working Capital. Rs. 192/6/10 to be carried to Reserve fund from this year's profit and Rs. 62/9/2 undistributed profit of the last year. Total Rs. 255/- will be adjusted out of Rs. 500/-already invested in the Share of Barh Co-operative Mill. And our reserve fund will be Rs. 655/- including last year, investment and Rs. 410-1-0 of building fund total Rs. 1,065/ still Rs. 245/- invested in Barh Co-operative Mill, is unaccounted.

Conclusion.—It would be futile to deal every point here but suffice it to say that this institution is purely a local institution having very little support from outsider which is evident from foregoing passages. The Board of Directors congratulate themselves for this satisfactory working of the Store in spite of adverse cirsumstances. With regret we observe here that in this year we had to borrow from a local man as there was unbearable delay in getting money from Central Bank on account of delay in cashing cheque with the Treasury.

#### **EXTRACTS AND SELECTIONS**

#### 1. Co-operative Movement in Bihar.

In a letter to the Press the Publicity Officer alludes to the dissatisfaction that has been recently expressed in local press at certain aspects of the working of co-operation in Bihar and Orissa and states that the chief complaint appears to be that loans are granted to societies on too easy terms and that sufficient care is not taken to enforce punctual repayment. This slackness on the part of Central Banks, it is alleged, results in the accumulation of large debts which societies in the end are unable to repay and consequently go into liquidation. Anybody who is acquainted with the contents of the annual reports of the Co-operative Department will, however, find that this statement is altogether incorrect. The accounts of the Central Banks are periodically brought under the scrutiny of auditors, and there has been no falling off in the standard of efficiency required of either the Central Banks or the Individual Societies.

It has been stated the number of societies which go into liquidation every year exceed the number of new sicieties started. A casual glance at the annual reports will show how far from the truth this statement is, and how little trouble is sometimes taken by writers in the Press to get at actual facts and figures. The latest report of the Registrar of Co-operative Societies shows that in the year 1919-20 the number of new societies registered was 770, while that of existing societies liquidated was only 35. In 1917-18 there were 1723 societies, in 1918-19 there were 2213 and in 1919-20 there were 3011. Thus instead of a reduction in the number of societies, it is apparent that of recent years the increase has been going on at a very rapid pace.

Nor is this all. The audit reports show that the societies are every year increasing in efficiency. There has been a distinct fall in the ratio of sicieties liquidated to existing societies. The year 1918-19 opened with 1701 societies and 44 societies were liquidated in the course of the year. The year 1919-20 opened with 2169 societies and 35 societies were liquidated in the course of the year. Thus the percentage of societies liquidated in the two successive years is 2.6 and 1.6. The fact that in spite of the enforcement of a high standard of efficiency the percentage of liquidation should have fallen to so large an extent in the course of one year is a very reassuring feature of the last Co-operative report.

The rise of prices during recent years has been the cause of much hardship to the employees of the Central Banks. A scheme for an increase in
the emoluments of these employees has been prepared by the Registrar of

Co-operative Societies. It ought to be clearly understood, however, that bank employees are not Government servants, and their salaries are paid by the banks themselves and must be limited by their resources. The scheme prepared by the registrar has been circulated among the different Central Banks, and it is hoped that the banks will approve the proposals of the Registrar.

#### 2. Lahore Suburban Scheme.

In our issue of March 25 we referred to a scheme put forward by Diwan Khem Chand, barrister-at-law, for an "ideal suburban town" to relieve the congestion in Lahore city. Diwan Khem Chand now republishes his scheme with a progress report in which he states that he has received assurances that 200 houses (the minimum guarantee fixed by him) will be taken up; and of these subscribers no less than 26 engineers have not only approved of the scheme, but have promised to assist it, if required. The promoter also adds that the scheme was shown to Mr. Calvert, I.C.S., Registrar, Co-operative Societies and Joint Stock Companies, who showed keen interest in it, and made various suggestions, and further that the Registrar has forwarded the scheme to Government for sympathetic consideration. At a meeting held in Lahore in connection with this matter various sites round about Lahore were discussed and it was decided to ask Government for 1,000 acres of land from Rakh Kot Lakhpat, situated about six miles from the Lahore District Courts with a frontage of two miles in the main road to Ferozepore. The railway line runs close to the Rakh; the water there is said to be good and the soil fertile.

Plans and estimates of the scheme are not yet completed, but it is roughly calculated that roads and buildings will cost from Rs. 20 lakhs to Rs. 25 lakhs, the amount to be obtained from the sale of house sites and savings on the construction of houses. The bye-laws of the proposed company have also not been definitely framed, but it is suggested that each house will have a garden occupying two-thirds of the total area; the company will build the houses and sell them to members, who will not own more than two such houses; each member will purchase one share valued at Rs. 100, all profits being devoted to improvement of the town. the company is registered, subscribers will be called upon to pay one fourth of the estimated value of their houses for purchase of land; then another one-fourth (misprinted as three fourths in the prospectus) for the purchase of building materials; later a further one-fourth for construction and finally the remaining one-fourth when possession is to be given. It is calculated that some houses will be ready by the end of the third year and that the whole down will be completed in five years.

... A further report showing actual progress of the undertaking will no doubt be awaited by all concerned with interest.—Civil & Military Gazette.

the price of that commodity. It will be wise therefore not to lay too much emphasis on the necessity of combating profiteers as a motive for forming co-operative stores.

- 4. The third motive behind the present demand for co-operative stores in Bengal, the belief that such stores can undersell ordinary business concerns, is just as likely to mislead as the other two. The co-operative store should not aim at underselling the market. It rates should be the market rates in all but the very exceptional cases of established extoration or profiteering in its worst sense.
- 5. Is there then any really material advantage other than unadulterated goods and fair measures to be derived from a co-operative store? This material advantage the English co-operators, whose stores are the best in the world early discovered. It is the division of profits among members in the form of rebates. The success of the English stores depends mainly upon the acceptance of this principle. A co-operative store purchasing at market rates and selling at market rates should be able to make profits as large as the commercial concern dealing in the same line. By placing larger orders it might even obtain its goods at cheaper rates and thus increase its profits. In the case of the commercial concern, the profits when they materialize, go into the pockets of the proprietor, or more technically go as dividends on capital. In the case of co-operative stores, however, the dividend on capital (shares) is limited, generally to a low but fair rate, e.g., 5 per cent., and the profits over the amount necessary for this are distributed to members as rebates on purchases or as dividends on purchases.
- 6. Profits cannot be distributed in any case before they materialize. The future is uncertain even in a co-operative store. Hence to endeavour to undersell the market is to attempt to anticipate profits and to distribute them before they materialize. As this is fatal it must be avoided. Members must be content to await the yearly, half-yearly or quarterly making up of accounts before receiving back the profits of the undertaking. This is one of the first principles that must be accepted if failure is to be avoided, and it is a principle which tends to increase the membership of stores more rapidly, for rebates should be given only to members, and this will soon induce non-members to join.
- 7. A second principle essential to success is that all transactions must be for cash and none for credit. Credit necessitates the payment of interest the diminution of the available capital for turnover and the keeping of unnecessary accounts, thus increasing management charges. It also means some bad debts. Further it often makes it necessary for the store to make its own purchases on credit, and purchases on credit are always more expensive than purchases for cash. Cash purchases also leave the society independent in its choice of dealers. It may go to any dealer with cash as it is seeking no favour. As a co-operative store in the beginning has not generally a very large capital, and as it should avoid borrowing capital from outsiders, it

must turn its capital over very rapidly. This cannot be done if credit is given.

- The next principle which co-operative stores should adopt is to avoid 8. borrowing from outsiders. Borrowing necessitates the payment of interest often at high rates, for the business of a store being uncertain the lender will insist on high rates. If a store has to borrow it should borrow from its own members by way of deposits. In order to provide sufficient finance for the business the rebates for some time might be paid to members in the form of additional share capital in their names or, if this is not favoured, members should be induced to keep their rebates with the store as deposits. Very little inducement is necessary to get members to leave their rebates as deposits with the store. If the co-operative store is successful the members do this spontaneously very often. It is a common practice in English and Irish stores and in the two biggest and best stores in Bengal, in which only cultivators are members, it was found that many of the members when informed of the amount of rebate due to them were immediately struck with the idea of saying and, instead of drawing the rebates expressed a desire to leave them in deposit against a rainy day. Deposits from members have great advantages over deposits from outside sources. They will for instance, be numerous, and it is unlikely that they will all be withdrawn at one time. Again if a member is withdrawing his deposits it will probably be to purchase necessaries and he will be willing to purchase them from the store. Whatever be the system adopted the principle of being financially independent should be considered as an essential principle to success.
- 9. The great success of co-operative stores in England is also largely due to two other facts. The goods sold are of the quality stated and there is no adulteration or cheating. Moreover the store gets for its members what the members wants and does not try to force upon him what he does not want. A consequence of this last fact is that the member is always treated with civility and his tastes are consulted. Recently a cultivator, who is a member of one of the biggest stores in Bengal, was asked what he thought best in connection with the store and he replied: "There is no cheating about the quality or the quantity of the goods sold and I am treated with as much attention and civility in the store as any gentleman would be." It should hardly be necessary to ask the founders of co-operative stores to insist upon honest dealings but still this is a principle which must be laid down formally. Civility on the part of the staff to all customers and members is equally essential and all breaches of the rules in this respect should be severely dealt with.
- to. The co-operative store should stock only the goods which its members require. This is so obvious that there would be no need to state it here if unfortunately there were not to be found in many stores in Bengal goods which will never be sold. A large stock of alarm-clocks, for instance, fast depreciating, may be seen on the shelves of a certain store with very small

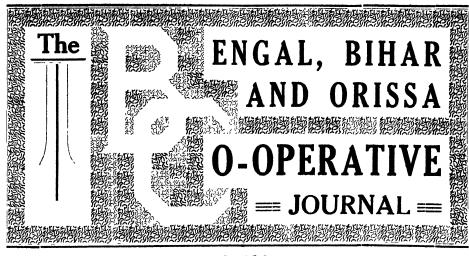
capital and working largely on borrowed money. Some clocks have been sold at a good profit but the balance will probably be sold at a bigger loss and the money which bought them will be locked up for some considerable time. Goods which sell rapidly should be stocked and goods which are in greater demand at certain seasons of the year should be stocked in larger quantities at those seasons. If the store can do it on its own capital it should buy when goods are cheap, e.g., cereals at harvest time, but it is unwise to borrow money too freely from outsiders even for this purpose. Large quantities of goods should not be bought unless there is good storage and little likelihood of a fall in the price or of depreciation. The goods in a store should be insured against fire and theft if possible.

- 11. Stores should endeavour to buy in the best markets and at whole-sale rates. Experience will teach where these markets are and some assistance may be derived from the information bureau in the Registrar's office. This bureau, twice a week, issues information as to Calcutta prices to all societies which desire such information. When there are sufficient stores in Bengal willing to float a wholesale in Calcutta or elsewhere and doing a sufficient turnover to warrant the flotation of such a wholesale there will be no difficulty in knowing where to buy.
- 12. There should be frequent stock taking in the co-operative store, the more frequent the better. Once a quarter at least the directors or a subcommittee of the directors should verify the stock.
- 13. The appointment of the paid staff of the store is of great importance. It is a safe rule to enforce from the beginning that no member of the stuff should be related to a director. Such relationship invariably causes trouble. The staff should be competent and properly paid, and they should give ample security. They should be civil and courteous to all.
- 14. The accounts of a store are cumbersome and difficult, even when no credit is given. Full accounts and stock registers must, however, be kept. Otherwise failure is certain. A receipt in the from of a cash memorandum should be given to every customer for every purchase. The duplicate of this memorandum obtained by carbon tracing, should be kept in the store. Every such receipt should bear the stamp "Member" or "Nonmember" according as the purchaser is a member or not, and members, who only should get rebates, should be instructed to retain these receipts and bring them in when rebates are being distributed. These instructions should be printed on the receipts.
- 15. The greatest essential to success, however, is the loyalty of the members to the store. No member should be dishonest towards the store or endeavour to take a wrong advantage of the store. Whoever does so should be expelled and his shares forfeited. More than this negative loyalty, however, is necessary. Active loyalty is essential. Members must help the store, especially in the beginning. Directors especially must give freely of their time to the store. All must resist the efforts which local shopkeepers

will undoubtedly make to injure a store which is showing signs of success. The time-honoured method of the shopkeeper to accomplish this is to make up his mind to forego his own profits or even sell at a loss for a while in order to tempt members away from the store and thus to undermine it, for, although the store may sell to outsiders, it must make most of its sales to members. When the shopkeeper has accomplished his designs and caused the store to put up its shutters he will have ample time to get his own back with interest. Members must then above all things stick by the store. If they have faith in their own undertaking they will do so, if they have not they had better leave the enterprise alone.

J. DONOVAN,

Registrar of Co-operative Societies, Bengal.



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### NOTES AND NEWS

At the last Bengal Co-operative Conference the topic of the methods of helping forward our system of Co-operative Stores was discussed with sympathy and judgment. It was acknowledged first that our stores were as yet in an initial stage and that their promotion should be encouraged by every possible means. India is the land of small industries and "that seems one reason the more for seeking to establish stores, one more tempting beacon light shining for them in the distance. Create a distributive market and you will not have to tout for customers for your small industries." Thus observes, Mr. Wolff the doyen of all cooperators. The required state assistance can be afforded in several ways. Some argued for financial assistance such as was supplied to Central Banks when they were in their infancy. was proposed that Government should place money at the disposal of Registrars to be advanced to properly managed stores. Thus many a store needs money to build a godown with; the loan might help it to build the godown and the amount might in time be returned. This was the more necessary because, as was alleged by some of the members, the Central Banks have not done all that they could have done to assist the stores.

Another direction in which state-help could be extended was in lending the services of managers and accountants as admittedly the stores were finding it difficult to obtain proper sort of accoun-More controversial was the proposal to appoint a special Assistant Registrar for Stores just as we have an Industrial Assistant Registrar. It was argued on the one hand that this step would give a fair start to stores under proper management and control. On the other side it was argued that if stores have failed on our side that has not been for want of Assistant Registrars. To us it appears that a vital consideration was overlooked in arguing on these lines. There can be no question that each provincial Government should have one man in the Co-operative Department who has specially and adequately studied the Rochdale System as well as the organization of stores in other countries. An official who would be sent abroad for such expensive studies could not well be of a lower rank than an Assistant Registrar.

A matter of much theoretical and practical importance was approached when the Conference discussed the problem of combined Credit and Sale Societies. The proposer alleged that the practice would lend to many advantageous results. Thus a member in need of money might receive a loan from the Credit Society as such and also buy from it. Again the proposer urged that if credit branches were attached to stores capital by way of deposits might be raised more easily. On the other hand we have to consider the complication of accounts and we should also consider that at Rochdale and elsewhere dealings were always for cash. This, however, does not mean that the proposer-Mr. S. K. Das Gupta—had no precedents to support him. Thus, we learn from Mr. Wolff that "the most striking feature of Japanese Rural Co-operation is the very common combination of various branches—purchase, sale and so on, and almost in every instance also Credit-in one and the same Society. In German Raiffeisen Societies supply figures very prominently in the business done, and answers for very much of the success achieved—but not, thus for, distribution. The Societies have

power to engage in it, and hold such in reserve should the bania be found to use sharp practice. For the present they hold that he does not do so and accordingly hold their hand. In India the bania is not likely to be counted equally immaculate, and then, accordingly I hold distribution to be, not only legitimate but distinctly called for—called for on economic grounds and also because it is so effectively educative."

A very similar proposal was made to start and organize Supply and Sale Societies including both producers and consumers. The proposers idea was that the producer should obtain besides the market value of his produce a portion of the profit as bonus and the usal dividend on the share money. The consumer was to secure his dividend and a rebate on his purchase money and he was to get his supply at concession rates. The fundamental objection to this scheme was that according to economic principles the Co-operative Society should be a union of harmoneous interests while producers and consumers have conflicting In the second place with prices constantly fluctuating different producers would be selling and different consumers would be buying at different prices and hence the range of common interests would be narrowed still further. Finally the idea of a rebate assumed a standard price and fluctuating prices would greatly complicate all calculation.

It was resolved by the last Conference that it was desirable to amalgamate Co-operative Societies and Agricultural Associations whenever they exist side by side and to utilize the existing Co-operative Societies in future for the formation of Agricultural Associations. It was argued on the one hand that as the objects of these Associations were virtually the same as those of Co-operative Societies there was no reason why the Associations should be outside the field of Co-operation. Nor was the proposed All-Bengal Agricultural Association to co-ordinate the activities of these Associations a thing that was really required.

The objects of the Co-operative Societies and of the Associations were the same and the persons to be benefited by both sets of institutions were also identical and hence by an amalgamation the Associations would secure all the advantages which Co-operative Societies enjoy under the act. It was also emphasized that there was a duplication of departmental activities while Co-operative Societies were the more desirable as being more permanent in their nature than branch Associations and also formed part of a highly popular movement. On the other hand some members argued against the proposal for amalgamation. It was asked whether members of the Associations were to be expected to undertake unlimited liability like the members of Co-operative Societies. The difficulties of a joint balance sheet or report of an Association and a Society were also pointed out.

We desire to draw prominent attention to the following remarks made by the Registrar of Co-operative Societies, Bengal, on the new Training Class for Rural Secretaries that has recently been started by Mr. U. N. Sen under the auspices of the Narainganj Central Bank—

"In Narainganj I visited an excellent institution, a training class for secretaries of Co-operative Societies. It has undoubtedly done splendid work. It is excellently organised and in fact if I had not seen it I should searcely have believed such an organisation possible. I commend it for imitation to every district and I congratulate those responsible for it on their great success. I shall be greatly obliged if the Assistant Registrar, Dacca, will write a pamphlet explaining with details the whole system. I shall have this pamphlet published and sent to all Central Banks.

At this training class I had an opportunity to talking to several secretaries. As the Dacca Central Bank participates largely in the scheme the secretaries were not all secretaries of new societies. Discussing the effect of a Co-operative Credit Society in a village with some of the older secretaries I was agreeably surprised to hear them maintain very strongly that as a result of five years of the society the economic position of the members

of it had very considerably improved and that also as a result of the society the general rates of interest in the village had gone down. They gave me facts to substantiate their arguments and in listening to them I could not but wish that those, who impressed by the failure of bad societies in other parts are pessimistic about all, had been present at the discussion."

We also hope to publish in this Journal a full account of the working of this excellent institution.

#### CO-OPERATIVE STORES IN BENGAL

# By Mr. J. T. Donovan, i.c.s.

There has been a very considerable clamour for co-operative stores in all parts of Bengal during the last two years and the number of such societies registered has risen from about half a dozen to about one hundred. The rapid increase, however, is Many of the stores will fail; some not all a record of success. were almost still-born; some were paralysed in their earliest infancy; some went into decay after a year or so of good work; and some have worked well and prospered. Hitherto the department has not interfered in the organization and management of stores but, though there might have been less failures if this were not so, it must be said that the class of people forming the stores, being educated and intelligent for the most part, should not have required much guidance. Some of them would possibly have resented advice. To the stores formed amongst cultivators advice was freely offered and it was accepted by them with the result that it is the stores among cultivators which have prospered most and which bid fair to be permanent successes.

As so many ventures are now being made the department owes it to the public to state the results of its experience and outline the principles which appear essential and sufficient to success. There is nothing mystical or magical about these principles. They are perfectly elementary and obvious and they have not been discovered as something new by the experiments of the department. They have been well known ever since the Rochdale Pioneers instinctively applied them and our experience only confirms them. From a recent article in the Bombay Co-operative Quarterly it would appear that they apply with the same force in Bombay as in Bengal and Europe. They may be taken to be universal.

Why is there a demand for co-operative stores now? What is the motive which induces men to project co-operative stores all over Bengal? The immediate causes of the increased number of co-operative stores are (1) the great rise in prices consequent

on the war; (2) a belief that traders were profiteering; (3) the general idea, which had spread throughout the country as a result of the co-operative credit societies, that a co-operative store can undersell ordinary business concerns.

There is no question about the great rise in prices and there is no necessity here to enquire into the causes thereof. It is a fact admitted and recognized, a fact pressing very heavily upon the middle classes. During the war there existed a hope that the return of peace would restore prices to the normal pre-war level or nearly so, but the hope was doomed to disappointment and we have now almost ceased to speak of prices as abnormal. In fact we are setting up a new normal. At the same time the income of the middle classes having received no corresponding abnormal accession to it the unpleasant fact of high prices compelled people of the middle class to seek some means of counteracting its unpleasant effects. They began to enquire into the causes of high prices and they came to the conclusion that it was largely due to profiteering by tradesmen. There is no denying that there has been a certain amount of profiteering in the worst sense, but the sweeping attacks upon the so-called profiteer, which became so common, were probably very far from being entirely justified. This contention has the support of such an eminent economist as Professor Keynes, who wrote "The Economic Consequences of the Peace". In that book he argues that the "Profiteer" as the term has been loosely applied—"is the consequence and not the cause of high prices". We may perhaps be better able to appreciate the arguments on which he bases this if we consider what recently happened in the sugar trade here in India. Sugar was selling at Rs. 40/- and a rapid decline in prices set in. Many of those who bought it at high prices had to sell it at a loss. If the price instead of falling had risen to Rs. 60/- they would have sold at Rs. 60/- and we should have called them profiteers. Now we do not call ourselves profiteers when we take for Rs. 20/- the sugar for which they paid Rs. 40/-. Yet there is not much difference between the two cases I have instanced and it seems to me there is just as much ground for calling ourselves profiteers when we insist on getting an article for Rs. 20/- less than it cost as for calling

them profiteers who sell the article for Rs. 20/- more than it cost. The fact is, as Professor Keynes has said, "The 'profiteers' are, broadly speaking, the entrepreneur class of capitalists, that is to say, the active and constructive element in the whole capitalist society, who in a period of rapidly rising prices cannot but get rich quick whether they wish it or desire it or not. If prices are continually rising every trader who has purchased for stock or owns property and plant inevitably makes profits."

We had thus in Bengal a hard, undeniable fact, the rise of prices, and an idea, at least to some extent mistaken, that what was really a consequence was a cause of the fact and then we thought of the magic system of co-operation. We remembered reading somewhere of its great triumphs in other lands in the way of eliminating profits. We recalled that in our village where rates of interest—rates of profit in other words—were very high, there had been a general reduction of interest as a result of the local co-operative credit society. There followed a decision to form a co-operative store. A copy of the model bye-laws was obtained—a very bad model it is unfortunately true to say—and the necessary formalities for registration having been gone through the promoters sat down to let co-operation do the work. That was what happened in many cases and promoters soon found that they lost their money.

What was the fault in the procedure? To begin with, the spiritual elements of co-operation were entirely missing. The motives prompting the promoters were purely material. Not so the motives of the Rochdale Pioneers. There was something religious in the union of those men. There is something religious, the element of love, in every true co-operative society. It is that which impels members to work for each other, to make the necessary sacrifices which co-operation implies, and to endure the discipline, the self-imposed discipline of the society. Co-operation is a faith. It is a faith sustained by hope, hope enlivened by charity. Co-operation thus combines the three great cardinal virtues of faith, hope and charity and even in certain successful co-operative stores in Bengal you may see these three great virtues in play. They were lacking, however, in many of

the ventures in Bengal. The motive was a material one. The spiritual element was lacking and the so-called co-operative society resulting was merely so much dead clay without the spirit of life. Believe me, co-operation's soul is above the plane of the material and when co-operation does not rise above that plane it degenerates and dies.

The first essential of success even in a co-operative store is a lively faith in co-operation. There must be hope to sustain that faith and it is a vain hope if there be not charity, the love of our brother. How does this faith manifest itself in the material aspects of the co-operative store? For, although, I have said co-operation soars above the merely material, I do not mean to say that it is not concerned with the material. You have souls which are not material and bodies which are. So, too, though the soul of co-operation is above the material, the body is material.

How does this necessary faith manifest itself in the material aspects of co-operation? The most obvious manifestation of it is in loyalty to the society. And in the co-operative stores which have failed and in those which are failing in Bengal what is that quality which is most conspicuously absent? It is the loyalty of members. There is no getting away from this fact. It is our greatest weakness. How many of you have consented, or known people in Bengal to consent, to pay a little higher price for goods of a certain quality in the co-operative store if the tradesman round the corner is selling the commodity at a slightly lower rate?

Now you will say to me "The co-operative store should give things to us at cheaper rates than the trader. How then can we ever be expected to pay more to the store for its goods and of what advantage is the store to us if we have to pay more for its goods on any occasion"? A very pertinent question and one which must be answered.

You cannot adulterate goods in a co-operative store. You would be only deceiving yourselves. The very conception of a co-operative store is opposed to adulteration. What is more, you know when you are a member of a store that the goods are not adulterated. If then you know that the store buys a commodity

from a wholesale dealer in Calcutta at the market rate and the trader next door to the store buys the same commodity in the same place at the same rate and if the trader is retailing his commodity at less than the store, then, in 99 cases out of 100, you may be sure that either he has adulterated that commodity or he is selling it at a loss. As he is not merely a philanthropist but a business man first he is not selling it at a loss without a reason. But first let us consider the possibility of adulteration. posing he is adulterating it, should you not place your faith in the known purity of the store and support the store? That is one of the cases in which the store may ask you to pay a higher price for goods than the trader does, for as one of the chief objects of the store is to provide pure goods, you may have to pay more to accomplish this object. There is no other way. You must not be misled by the trader into perpetuating the habit of adulteration.

Now we turn to the other case, when the trader is deliberately selling at a loss. The selfish man will say "Why should I not take advantage of the opportunity of getting my goods cheaper?" Like most selfish people he will be shortsighted. It is true he will immediately save a few pice or a few rupees by going to the trader but he will ultimately lose ten times that amount. For why do traders undercut rivals in trade? Only to break them and leave the field clear for monopoly. trader with capital can well afford to lose ten thousand rupees or twice ten thousand rupees if he knows that the loss will leave him a field free from all competition. When all competitors are gone, then, from the necessities of the public, by putting up prices according to his own sweet will, he will easily and rapidly recoup his loss with excellent interest on his money for the time it has been out of his pocket. The co-operative store cannot do that, because it generally has not a great deal of capital. fight the store must go down if its members are not loval. lovalty of its members is its only substitute for large capital. If the trader sees that his deliberate undercutting of prices has not detached a single customer from the store he will soon change his tactics and fight fair.

Formerly traders used to fight among themselves in this

way much more than they do now. As between themselves it is now an obsolete method, although from sheer necessity it is still the chief weapon against the co-operative store. And paradoxically this weapon which was so commonly used by traders against each other before is now replaced by a kind of co-operation. If ten traders in one place are not making enough profits to satisfy their desires what do they do now? . They do not begin to fight each other as they used to. Instead, they come together and agree not to sell goods at reasonable rates but to sell them at unreasonably high rates. The requirements of the public are the same. They must buy the goods. There is no one else to buy them from. All the traders charge the same very high rates. Thus the traders can easily double their profits without fighting with each other. In fact they are applying the ideas of co-operation to a wrong end and they will probably succeed until they fall out or grow so large as to call for the interference of the legislative power. This is the origin of the great Trusts and Combines which became so dangerous to the public in America and Europe that special laws were contemplated to limit their activities. It is on account of this misuse of Co-operation that the public have always welcomed competition among traders. "When thieves fall out honest men come by their own" is what the public think in wishing for such competition, but, whether the people who form Trusts and Combines are thieves or not, they teach us well the lesson of Co-operation.

It is obvious that co-operative stores cannot join such an unholy alliance as that which results in the Trust or Combine. They must fight the trader, fairly of course. They can never enter into an alliance with him to make more profits because they would be doing so at the expense of their members, since a co-operative store's chief customers are its members. This most elementary fact that the chief customers of a co-operative store are its own members is one which few stores in Bengal have realized. To English co-operators the failure to realize this is something incredible. It seems to those acquainted with co-operative stores in European countries so obvious and elementary a fact that a store should rely upon its own members

for their custom that I should never have thought of drawing special attention to it in this paper if I had not seen dozens of so-called co-operative stores promoted in Bengal in which this obvious and elementary fact was overlooked. It is very difficult indeed to see what is in the minds of people who join a co-operative store and go to purchase their goods at every place in the bazaar except the co-operative store. Yet this is happening every day in many places in Bengal. A man pays up a share of Rs. 5/- or ten shares in a co-operative store and never patronizes it for a single item of his daily requirements. Why does he do this? I cannot explain. I could suggest a dozen reasons why he should not do it and I have searched in vain for one satisfactory reason why he should. As the amount of share money he can thus invest is limited to a very low sum and as even then the maximum dividend which he can receive on the shares he holds is limited to a very low rate he certainly cannot hope to make a fortune out of it and he can certainly find other ways of making more interest on his money. Perhaps he takes shares in the society just to oblige a local official or to be agreeable to some of his friends who are promoting the society. In that case he is a fraud, but there are so many people who do it, that I feel it dangerous to say they are all frauds. Yet they are deceiving themselves and their friends by joining a co-operative store without any intention of supporting it by giving it their custom, because a co-operative store can only succeed if it gets its members' custom and by joining it one implies that one will give it one's custom. Everyone who joins it believes that everyone else who joins it will buy from the stores. If one man then joins it he is inducing other people to join it in the hope of his custom and if in his heart he has no intention of giving that custom to the store, he is therefore deceiving the others. He is inducing them to put money into a concern in which it will be lost if there are many people like himself. whose custom is a store to thrive if not its members' custom? Are the so-called co-operators just putting up ten rupees each to start a business to sell goods a little cheaper to the public at large but not to themselves and to make a profit out of it? This is a perfectly Gilbertian idea and in a serious paper like this I

should not waste time over it if it were not commonly entertained in many places in Bengal. Of course, it is only an amateur attempt at an ordinary capitalist undertaking and invariably the amateurs are knocked out. That is why there are very many moribund so-called co-operative stores all over this province to-day.

When the Rochdale Pioneers bought their first bag of flour, or whatever it was which they bought, they did not buy it to sell it to every body who was not a member of the association. They bought it to sell it to themselves. When some of our Bengal Pioneers start a store you will hear them sometimes talking amongst themselves to the effect that the jail authorities will buy so much, the district board will buy so much, the Collector will buy so much, the Zamindar's cutchery will buy so much, etc. This would be all very well and it would be quite a good thing if the general public and public bodies bought all their requirements at the Store, but if the members are not going to do likewise the store is not co-operative. It is a very poor attempt at a capitalist business and even if it succeeds it is never going to be worth the trouble of bothering about since each capitalist has only about 5 rupees in it. And precisely because it is not worth bothering about it never succeeds. A store is only worth bothering about when each member buys his goods from it and then it succeeds.

I really must apologise again to serious co-operators for spending so much time over this point. It is only because this ridiculous kind of thing so frequently labels itself "Co-operation" that I have taken the pains of exposing it even at the risk of annoying you by wasting your time. In justice to the people to whom I refer, however, let me state two of the reasons I have heard from time to time put forward to explain the curious phenomenon we are considering. One reason given is that the co-operative store will not give credit. Yet the people who put forward that excuse are people who freely borrow on every conceivable occasion. They pay up their traders' bills at the end of the month or the end of the season and they pay dearly for the credit which they get. Yet they will not borrow to be able to deal in cash with the store,

not even though they may borrow from a co-operative credit society at reasonable rates and are sure of getting better value at the store. A second reason I have heard advanced is that many of these so-called co-operators depend entirely on their servants to make their purchases and of course servants avoid co-operative stores where there is a receipt for everything and no dusturi. Still the servant is a servant and he might be compelled to obey orders.

After this diversion let us now return to the persons who start with the intention of supporting the stores and are seduced by the wily trader from their loyalty to their own institution. These persons are committing a crime against co-operation. It were better that they never had anything to do with it. They are abetting either adulteration or an attempt to cut the throat of their own society in ninety-nine cases out of a hundred. If, therefore, you are not going to be loyal to your store, to give it a fair chance by your loyalty to be a success, I appeal to you not to join the store. Stay away. You will not be deceiving yourselves then and you will not be deceiving those who would be your fellow members. And you can sleep peacefully in the knowledge that you are not dragging down into the mire of failure the sacred cause of co-operation.

Even worse than the types I have described, the type that does not intend to patronize the store at all and the type that is easily seduced to betray his loyalty, even worse than these probably is that other type, the doubting Thomas who joins the store and nominally does certain business with it but keeps his full support away from it until it is a great success. That is the type that would hunt with the hare and hold with the hounds, the type that goes about expressing doubts and fears. This type too we do not want in a store. Let them stay away, for as the others are entirely lacking in faith this type is utterly devoid of hope, though selfish enough to be ready to take advantage of the opportunity if the hopes of other people are realized. And as we do not want the faithless ones and the hopeless ones so too we do not want those who have not the charity of co-operation. I cannot reiterate sufficiently often that you help to form a co-operative society for the love of your neighbour and that

it is from the results that springs the benefit to yourself. If you put the horse before the cart, if you go into the society primarily for your own ends and not for the interests of all, you are selfish and you are degrading the ideals of co-operation. Come in to help your brothers and all the benefits will be added unto you. Come in to help yourself only and you will eventually quarrel with your fellow-members.

I have now emphasised the spiritual aspects of co-operation, as they are to be emphasised even in a co-operative store, the loyalty, the faith, the hope, the charity which you must display; and having done that I turn to deal with the material details of the management of a store.

There is a widespread and mistaken belief in Bengal that the first thing a co-operative store must do is to sell goods at rates below the ordinary market retail rates. I read three days ago of the latest store to be opened, a store at Midnapore, and they announce with a flourish of trumpets that they are selling fish at eight annas a seer to the public as well as to members while the retail rate for fish is 14 annas a seer. They are selling their fish at exactly six annas less than they ought to be charging for it. A co-operative store should, except in cases where prices are proved to be extortionate sell its wares at the retail market rate. To sell at less is to anticipate profits which may or may not materialize. Besides, what is to happen if you sell at rates below the market rates. Your stock, which is not inexhaustible, will be bought off and sold at the market rate by others. You can take precautions against this but you will never be able to prevent it absolutely. If you sell at the market rates you may sell to the outside public and two things happen. Your members get all the greater benefits eventually and the outside public rush in to become your members when they see these benefits. Otherwise what attraction is there for the outside public to join? Are a doubtful dividend of, say, ten annas a year on a share of ten rupees and a doubtful rebate of a few pies in the rupee going to attract them? I say a doubtful dividend and a doubtful rebate because if you have already cut your profits to the lowest when you make your sales the dividend and rebate do become very doubtful. And if the

public get the main benefits at the time of purchase why need they trouble to come in as members? No, by selling below the market rates you are keeping the public from joining the store instead of attracting them to membership. You have of course the capitalist idea of small profits and a large turnover but not the co-operative idea of the mutual benefit of the members.

The real co-operator will not want his goods below market rates. He will be content to await the making up of the accounts and then when the profits of six months are safe in the till of the store or in the bank, when the danger of loss is past and everything is safe, then will he take his rebate. In two stores that I know of membership jumped in a few months after making up the accounts from a few hundred to a few thousands and in these stores all goods were sold at local retail rates. I am therefore strongly of opinion that the Midnapur Co-operative Store is not charging anything like enough for its fish.

I wish I could get this clearly established in the minds of co-operators in stores. And I hope those who, interested in co-operative stores in Bengal, do me the honour of listening to this paper or reading it later on, will endeavour to resist all attempts to anticipate profits by underselling the ordinary market. It is only common prudence to wait until you have your profits before dividing them.

The next point on which I desire to lay emphasis is just as important as the last. All transactions between a co-operative store and its members should be for cash, and, indeed, if a co-operative store can do without credit from its wholesale suppliers it will be well for it to do so. Why should there be no credit transactions? Because credit is just as much a commodity as, say, cloth or oil and you cannot get credit without paying for it. Hence it must go on to the price. Simple people have often said to me "Such and such a house gives us long credit and does not charge any thing extra for doing so." It is an impossibility. No one can give you long credit without making you pay for it. If a store gives credit to its members a certain amount of that store's money is locked up and that means interest lost. The store does not get that capital free. It must pay interest upon it. Again the giving of credit, locking

up capital as it does, decreases the available capital for turnover and thus restricts the business of the store. Then, too, credit necessitates the keeping of accounts which otherwise there is no necessity to keep. It thus increases the cost of management and the ratio of this cost to the amount of business done. transactions are on a cash basis each member is helping to keep the accounts. He gets and keeps his receipt for every purchase, the society keeping a duplicate, and he produces these when the time for rebate comes round. Credit, also, even in the best of times and places and with the best of people, involves some bad debts. You all know that as well as I do. It may involve even litigation and the less litigation we have the better. Furthermore credit given to its own members often makes it necessary for the store to make its own purchases on credit and, no matter what simple people believe about philanthropic wholesale dealers, a store that pays cash will always get better terms than a store that promises to pay within a month. Besides this, the Store that pays cash, like the man who pays cash, is independent and can go where it wishes for its requirements. It is not tied to any particular house. Finally, as a Co-operative Store in the beginning has not generally a very large capital and as it should avoid borrowing from outsiders if possible, its only hope is to turn its capital over rapidly and this it cannot do if it gives credit.

I have now stated two important rules of working: (1) the society should sell at market rates; (2) the society should have only cash transactions. The next rule which to my mind is very essential in Bengal is that the society's working capital should be provided entirely by its members. Ordinarily each member should have only one share, of Rs. 10, say, on which Rs. 5 is paid up. This prevents all attempts at dividend hunting, for a 6½ per cent. dividend on Rs. 5 for a year is only five annas. And a 12½ per cent. dividend is only 10 annas. If each member has only one share obviously there will not be a great fight for dividends. In this country, of course, shares of value up to Rs. 1,000 may be taken by one individual. If shares up to large amounts are allotted to individual members then there should be a bye-law limiting the dividend. The Act

limits the dividend to 121/2 per cent. in the rules under Section 43. The store should, however, fix a lower maximum, say 71/2 per cent. This is a reasonable interest upon money even to-day and as the money is being applied for one's own benefit one can hardly complain of it. If share money—as will generally happen—is insufficient for the purposes of the store, money must be borrowed, but it should be borrowed from members and not from outside sources. The reasons for borrowing from members are obvious. An outside creditor might suddenly press for repayment. A member would hardly do this. And even if a member gave notice of withdrawal of his money he would probably accept goods from the store to clear up the account. An outside creditor-e.g., a Central Bank-would not do this. Then if money is borrowed from members it will be borrowed at lower rates because the depositing member knows the money is to be used for his own immediate benefit. Thus a Central Bank would ordinarily charge 12% or 10% for finance. Joint stock banks were charging such rates quite recently on the best security. A member, however, would certainly have every reason to be satisfied with, say, 61/4 % or 5% on his deposits. Unfortunately one of the commonest and worst faults of our stores is the borrowing fault. . The bye-laws contain a provision authorising the store to contract debts up to 10 times the value of its paid up share capital. This is a permissive bye-law. Many stores treat it as a mandatory and think their first duty is to go off to a Central Bank and borrow. There is nothing like the same alacrity in carrying out the really mandatory byelaws. Off they go to the Central Bank and borrow a lot of capital. This is the wrong method. If every member deposits about an amount equal to what he is likely to spend in the store in a month then the store is using the right method of borrowing. Then it will be able to turn over its capital every three weeks or every month and always hold a good stock of the goods required by its members. When a store declares rebates it should encourage its members to deposit those rebates with itself I have seen wonderful accumulations of savings in stores at home in this way. Indeed I look upon this as a sign that a store is working well and that its members are thrifty

people. I have seen the idea dawning on the minds of some cultivators in a few stores in Bengal and it has strengthened my faith in those stores more than anything else has done.

Another very important reason for getting deposits from members is that such deposits will always be numerous and they will not be likely to be withdrawn at the same time.

I come now to the question of turnover. I do not think I have vet seen a store in Bengal of which the turnoover is satisfactory except a little store in Burirhat with about 90 or 100 members. A store should turn over its working capital about once a month. In a recent article the Registrar of Co-operative Societies, Bombay, has suggested once in three weeks. Other authorities have suggested six weeks. Between them we might adopt the convenient period of a month as our standard. course if you can turn over your capital more rapidly still all the better. If you turn it over once a month you will be doing well. Now this is a very difficult standard, I admit, in a country where you wish to buy rice at the harvest time to store it for sale in the later part of the year and where every store has to lock up a lot of money in cloth which sells often only in fits and To please cultivators I know it is necessary to keep 100 or 200 different kinds of cloth in stock though the main sales will be of a few well known kinds. For some reason or other they like to look at and occasionally to buy the unusual kinds. Let us examine first this idea of storing rice in February for sale in July or August—this veritable El Dorado idea which has so often turned out a bubble. I suppose hundreds, if not thousands, of people in Bengal have at one time or another told me of this wonderful method of making great profits. And admittedly it is normally a good business, though I am inclined still to doubt whether it will prove profitable this year. However let us consider the normal occurrence. You buy rice now say at Rs. 6 a maund and you expect to sell it six months hence at Rs. 8 a maund. Even if you borrow Rs. 6,000 from a Central Bank at 121/2% interest, the interest for 6 months will be only Rs. 375 you say and the net profit will be Rs. 1,625. Thus if you have a share capital of Rs. 600 enabling you to borrow Rs. 6,000 vou will in 6 months make enough to put away Rs. 400 to reserve

and pay a dividend of 200% for 6 months or 400% per annum, compared to which the best of the jute mills' dividends are poor. This is what one is told. Yet has any store ever done this in Bengal? I do not know of a single one. There must be a catch somewhere then and there is. We forget freight on the rice, storage, shrinkage in transit and in store and other losses, accounts, management and a host of other petty charges which very soon narrow the margin of profits. Even so I grant you that on your Rs. 6,000 you might have a net profit of Rs. 750 or Rs. 500 and that would not be bad. Yet you would have anxiety and worry for 6 months and if you happened on a year like 1917 your profits might be converted into a good round loss. If, however, you turn your capital of Rs. 1,000 over rapidly, once a month say, you get profit on it 6 times over and it may easily happen that you actually do much better on the sum of your transactions than in the one rice transaction we have supposed. You only want one sixth of the space required, you have only about one sixth of the worry and you only incur one sixth of the risk of loss. Until stores are very strong financially I do not believe in big ventures like the rice venture. A certain amount of these ventures are necessary but if you undertake them and lock up capital in rice and cloth or the like in this way you should so arrange your business as to compensate for the lock up. Thus if you were working on a capital of Rs. 25,000 and you locked up Rs. 15,000 in goods to be sold three months hence here is how you should try to compensate for it. According to my rule you should sell Rs. 25,000 worth of goods every month. Now there is Rs. 15,000 worth which you will not sell for three months. That means an average of Rs. 5,000 a month. You have still the other If you can manage to turn this over twice in a month that will bring your monthly average turnover to Rs. 25,000. would ask you to try and arrange some system of this kind in your store and if you do you will not feel the emabarrassment which investments in cloth and rice too frequently bring.

It would hardly seem necessary to lay down formally as an essential principle that a store should only stock what it can sell and of course I should not waste your time stating this obvious principle if I had not found it violated. In a certain

store I visited I found a stock of alarm clocks which the members probably will never buy and yet the management were very proud of the alarm clock business. What happened was this. The District Board wanted a dozen alarm clocks for some reason or other. The store got wind of the District Board's want and laid in two dozen alarm clocks at Rs. 3 each. They sold one dozen to the District Board in two days at Rs. 4 and thus in two days on an outlay of Rs. 72 they made a profit, they said, of 12 or 6 ½%. Now 6 ½% in two days is as you know about 1,100% per annum and anyone would be proud of that. But what about the other clocks with all the busy cunning spiders spinning webs around the wheels, and all the dust gathering into and clogging the works and the rains coming on to rust everything? No, I don't think those clocks were a good investment.

The store should stock what its members require and stock it when members require it. At the Pujas for instance is the time to stock cloth, in the rains umbrellas, in the cold weather shoes, etc.

The store should never adulterate its goods. Quality should be guaranteed if possible. Weights and measures should be true and well known to members. There should be no attempt at cheating members or non-members in regard to quality or measure.

The accounts of a store are cumbersome and difficult but this must be faced and all the registers must be kept up properly. A receipt should be given for every purchase, a carbon tracing being kept, and every receipt given to a member should be stamped "Member", or, better still, every receipt given to a non-member should be stamped "Non-Member." The receipts—you will get blocks of them printed at the Co-operative Press, Naogaon—should have instructions printed on them advising members to preserve them for the purposes of the rebate. Other useful advice and co-operative propaganda might also be printed on them. There should be stock-taking as frequently as possible in a store by a sub-committee of the directors, the oftener the better.

Stores should endeavour to buy in the best markets and at wholesale rates. Experience will teach where these markets

are and the information bureau in the Registrar's Office may give some help. This bureau twice a week issues a list of Calcutta prices free to every co-operative society in Bengal which has signified its desire to get the list and it will endeavour to include in the list every article specified by the societies. At present there is not enough business to warrant a wholesale society in Calcutta but a beginning has been made and an agent is now buying in Calcutta for co-operative stores. He was trained in one of the successful big stores in Bengal and he has developed a considerable business connection now in Calcutta and amongst co-operative stores. Communications to him in the first instance may be addressed to the Co-operative Wholesale Agency, C/o, Registrar of Co-operative Societies, Bengal, 6 Dacre's Lane, Calcutta.

The management of a store is a difficult business. Great care should be exercised in the selection of the employés. None of them should be related to directors of the store—unless you want to have trouble. They should get decent pay and give good security. They should be summarily dismissed for any discourtesy.

Now, gentlemen, you have listened very patiently to me and although I have not exhausted my subject, not having dealt with the supply and sale associations and other types of that kind, I cannot keep you longer. I have endeavoured to lay bare to you the spirit of co-operation as it is found even in a cooperative store and I have shown you how that spirit is essential I have pointed out the causes of failure, but perhaps I have given you what I believe to be the not all the causes. essentials of success. Judging from what I have seen in every district and practically in every sub-division and in every thana of Bengal there is a great expansive field for distributive cooperation. If it is taken up upon wrong lines in twenty years hence we shall be clearing up the ruins of our hopes. If it is taken up and worked out on the principles I have laid down tonight I firmly believe that in twenty years hence Bengal will have a distributive co-operation system as strong as any country in the Empire.

# SELF-HELP AND VILLAGE SANITATION

[A paper read by Rai Bahadur Dr. Gopal Chandra Chatterji, Secretary, Central Co-operative Anti-malaria Society, at a Meeting held under the auspices of the Bengal Cooperative Organization Society at the Rammohan Library Hall on April 16, 1921, Sir Asutosh Chaudhuri, Presiding.

So long the world remains as it is, the people inhabiting the globe can be made to conform into two classes, one not knowing what to do with their money, and the other not knowing how to meet the two ends. It is fortunate however that among the former class, a certain proportion of them prefer utilising their surplus money in alleviating the suffering of their less fortunate kith and kin, to investing it in kennels for dogs or studs for race horses. As these good-natured men are too busy in making their piles and have no time to discriminate the objects of their charity, there is a plenty of field for a band of social workers to find out the plague spots in our social life, removal of which is likely to alleviate the sufferings of the people. If they succeed by vigorous propaganda work in focussing the attention of the generous public on that particular plague spot, the work if carried on with zeal and earnestness rarely fails for want of financial support. In this way have arisen around us the noble institutions which we see—the Deaf and Dumb School, the Home and School for blind children, the Belgachia Hospital, the several refuges and homes for the destitute. At the bottom of each of these, there is a Chintaharan, a Shaha, or a Kar-men not known to fame but to whose devoted energy we owe these institutions. They were not in many cases the actual financiers, as their condition did not afford them to do so, but money flowed in wherever there is a clear cut noble aim in view. Though there is by no means any superfluity of these social workers in the town to cope with the manifold miseries incidental to town life, there is absolute dearth of them in the villages. is not because there is no social defect to deal with but because

there are so many and the condition there is so hopeless, that it is beyond the capacity of the worker in the villages to deal with them successfully. The object of my present paper is to discuss and focuse attention on some single cause contributing to the destruction of our villages. My intention is not to write a learned thesis having academic interest on the subject. My real intention is not only to suggest the remedy but to bring it within the domain of practical politics.

To a man accustomed to see the activity and signs of progress in the metropolis, the scene of desolation which unfolds itself to the observer, on his first visit to a Bengal village, makes him enquire what is the cause of the catastrophe which has changed the face of a smiling village to one of howling wilderness—dilapidated masonry houses, compounds full of jungles, large tanks with masonry bathing ghats full of weeds, rows of temples falling into decay. These are by no means prehistoric remnants. There are abundant signs that these villages were prosperous about fifty or sixty years ago—the inhabitants of these villages could afford to build masonry houses, they understood the value of education (as evidenced by remnants of tolls), they had so much superfluity of money that they could afford to build temples and excavate large tanks. What has changed all these?

Epidemeologists tell us that a pestilential fever broke out in Bengal in the seventies of the last century and carried desolation through the length and breadth of Bengal killing millions of men.

As it began in Burdwan, it goes by the name of Burdwan fever. There is evidence that it is nothing but malarious fever. From the same source we learn that during 1872 to 1881 the single District of Burdwan lost 148,605, Birbhum 85,678, Midnapur 140,000, Hoogly 166,474 the amount of real loss will be appreciated by the fact that between the year 1872 to 1881, India gained in population by 23.1 percentage. Bengal gained during this period 11.5 per cent., Central Bengal (Presidency, Khulna and Jessore) 11.7 per cent., Eastern Bengal gained 10.0 per cent. whereas Burdwan Division lost population by 2.7 per cent.

But these figures do not convey to one's mind the amount of suffering through which our forefathers passed during the period when malaria first set its foot in this country. A story narrated to me by an elderly gentleman regarding an incident which happened to his father about this period is worth repeat-This latter gentleman was an inhabitant of a village named Badu near Barasat. Business compelled him to remain in Calcutta. One day on hearing of a terrible pestilence prevailing in his native village, he accompanied by a philanthropic millionaire, whose ancestral home was also at Badu arrived there with the intention of giving some succour to their suffering co-villagers. They arrived at noon but they were surprised to find not a single soul in the roads of the village, from whom they could gather any information of the condition of the village. They arrived near the house of a learned pundit who kept a toil and with whom they were acquainted; they called out his name from outside; as no response came, they entered the house and were horrified to see the dead body of the Pundit lying on a cot, a portion of the body having been devoured by jackals. They then went to another portion of the village and being attracted by the moanings of a child coming out a house, entered it and on getting upstairs they saw a child who was crying and trying to suck the breast of its dead mother who was lying on a bed. They took the child with them with the intention of saving him, at 2nd thought they decided to leave the child in the charge of some inhabitant of the village, as they feared catching infectious fever from the child. On further searching the village, they saw a labourer seating on the door step of his house. They offered to hand over the child to him, but he refused as he said he had fever on the previous day, there was no knowing what would happen to him when the fever would come back.

But these scenes are not by any means isolated instances of what occured at that period—similar stories we learn also from Ulo and Krishnagore. Even now similar scenes, but in not so exaggerated form, are being enacted in some village or other in this country, I have been the witness of one. Within three weeks the village of Panihatty was demised of 150 souls, all dying of malignant malaria lasting not mere than two or three days.

The volcanic force with which the pestilence of malaria started its work of destruction in the 70's of the last century has not yet spent itself, as is evidenced by the fact that it is carrying away every year more than 1/2 million souls. Are we to sit still with folded hands and see this work of devastation going on, quite unconcerned? It is exasperating to think that the mystery surrounding the disease has been laid thread bare by the discoveries of science more than two decades ago. I can also hardly believe in those days of cheap press the knowledge about the disease and its means of prevention is not yet public property. If so, why we do not see any activity in this? Where are the social workers who are spoiling themselves to do service to their mother country? I will be doing scant, justice to my countrymen if I imply by this that none has attempted to do any work in this line—namely prevention of malaria. In many instances men having spent their active life in the city made up decision to settle in their native village in the evening of their life with the sole intention of improving the village. But as ill-luck would have it, they were the first to suffer from the depredations of the malaria parasites. It seems as it were the malaria parasites has an instinctive sense of self-preservation—for it reserves its special virus for the rash intruder into the malarious stricken village. Very often they pay the extreme penalty for trying to beard the lion in its den. A magistrate in the evening of his life retired to a village with his two sons, both distinguished alumni of the Calcutta University; both got high fever within a few days of their arrival and died at Calcutta within a few days of each other of malignant type of malaria. The old gentleman left heirless has settled in Calcutta and has ceased to talk of his native village. A brilliant undergraduate (stood first in Entrance) went to his native village during Pujah vacation, got malignant malaria, a few days after his return to Calcutta and died of it. Sir P. C. Rov. our beloved countryman, used to spend his summer vacation in his village and was, as every one knows, the centre of numerous activities while there-malaria parasite entered his blood during his last visit, gave him shivering fits of ague for several succeeding months—the tiny parasite scared him away from his native village—the next season, the centre of his

activity was in Santal Pargannas. His native village knew him no more—he has not spared giving help to his co-villagers -but that was sent from a safe distance. Late Sarada Chandra Mitter spent a good portion of his fortune in trying to solve the problem of malaria for his village Panishiola, where he used to spend a good portion of his spare time and was well nigh successful. The inevitable thing happened; he became a chonic invalid through the effect of that tiny parasite—he bore on with an iron will, death has removed him from his field of useful activity. There is no one to carry on the work so nobly begun. Since I became the secretary of the Central Anti-malaria society I have come to know of numerous societies situated in the villages who are trying to carry on antimalaria work along with other useful works as education—but there is no one to guide them—these societies are without any funds and the subtle poison of malaria prevents them from carrying on the work with an iron will.

Any one who has got eves to see will find that herein lies the great secret by which the malaria problem can be solved in Bengal. If a central organisation be created in the metropolis with abundant funds and if these villages be helped and guided in their work, a great amount of work can be done with very little expense. Our anti-malaria society is doing this part—our social workers will find here the modus operandi for helping the villages—for there is nothing to prevent them from going our society. But one thing prevents many from joining any scheme like ours—it is the doubt which exercises their mind—whether this is the real way for attacking the problem. These doubts about the possibility of prevention of malaria by village work have lead to controversy and paralized action. It is necessary that these doubts should be set at rest once for all. On the proper replies on the points raised by these doubts, if given truthfully and to the point, depend the acceptance of our scheme—So I will try to discuss them before I attempt to reach the promised land -namely village work. We are like the Pandavas going to quench our thirst in the water of the enchanted lake guarded by the Jakhas. The Pandavas had to answer properly enigmatical queries. If the reply is to the point then only they

have a right to drink water of the enchanted lake, otherwise death stares them in the face.

- (1) What is the new factor which has arisen in Bengal during the 70ties of the last century, which has caused that volcanic explosion which carried away millions of lives? Find out that particular cause—your malaria problem will then be solved—the means advocated now—draining—filling up cesspools which are the haunts of anopheles—are like treating symptoms of the disease, the root cause of which is not being tackled.
- (2) The time of beginning construction of E. I. R. railway lines coincides with the beginning of the epidemic breaking out in explosive form—railway lines and high roads have obstructed drains and unless there are remedies it is wasting so much money in solving the question of malaria, unless the root—cause is tackled.
- (3) The mighty rivers of the Gangetic system are gradually getting silted up and a large number of them have become silted up—these are main contributory causes of malaria—unless these are put in order, no amount of effort spent on village improvement will do any good.

Taking the first point, 1st, I have no intention to get into a learned discussion to find out whether malaria was present or not in Bengal in olden time say about two hundred years ago. That it was not absolutely absent here is proved from the fact that Chob Charnoc and Clive suffered from malarious fever. not help us in the least to know whether it was so prevalent at that time as now. It has got only an academical interest. It is a question of force major-Plague was not present in India 40 years ago. Influenza spread over the world like a whirl-wind. It was not prevalent before. It will not do for practical sanatarians to waste time in finding out the first birth of the plague bacilli of or the influenza bacilli-these will always remain as mysterious as the birth of man in this world—his case is found out how the epidemic spread and if it can be checked. A volcano has broken out into irruption-spreading death and destruction all roundat that time a geologist is not wanted to find out the cause of the explosion—it is the field of social worker to give succour to the afflicted.

- About the 2nd point obstruction due to railway lines-there is not the least doubt that a good amount of harm has been done by obstacle to drainage by high embankment and also due to shallow borrow pits excavated all along the railway lines. most cases, it is due to the ignorance of the railway engineers, of the elementary laws of sanitation. But there are thousands of yillages which are situated at a good distance from the railway lines which are extremely malarious. In these days of civilization, one cannot do away with the railway lines; the defects produced can be remedied, if these can be brought to a head. suggest that the Railway Companies did these mischiefs intentionally is to attribute to them mischievousness for sake of mischief. They will be the real losers by loss of passenger and goods traffic if the country through which Railway lines run be made desolate by rayages of malaria—for by that they will be doing like the farmer who liked the goose which lays the golden eggs.
- Lastly about the deterrioration of river system producing malaria and its remedy—then again there is not the slightest doubt that this is predominant factor in producing malaria. Here again there is a question of force major—the Ganges has changed its course due to geological change of its bed five hundred years ago, the main volume of its water running through the Meghna. To make the dead river which used to be fed by the Ganges, live again is a task beyond human power—so long they are alive it is well and good—try to improve them. One can at least make the old bed of dead river so many drainage channels—to try to make their live again is an utopian idea, which has got strong fascinating influence on our amateur sanitary minded public men -scheme drawn out by them have often the effect of drawing attention from the real thing namely the improvement of the village sites. A canal cut along the bed of a river, if it helps the internal trade of the tract of the country through which the river used to flow will find no opposition from any quarter. charge for construction should be placed on other heads than that for the prevention of malaria.

But there are thousands of villages which are situated on banks of live rivers but which are extremely malarious. To mention a few of them Chandannagore, Halisahar, Monirampore, Konnagar, Baranagore, etc. This shows that there are other factors which are as potent in causing malaria. Even if the impossible thing can be made possible a dead river be made a live river at an enormous cost, these factors must be removed. These factors are the small stagnant pools inside the villages which can give rise to myriods of anopheles.

As anopheles under ordinary circumstances cannot fly more than 1 mile and confine their depredation to the houses immediately near their source of origin, one can easily explain the following curious phenomenum which we are seeing all around us—

- (1) There are numerous villages in lower Bengal which are upto now absolutely malaria free and are never known to have suffered from it, even there are dead rivers near by.
- (2) Several villages which were extremely malarious have been made malaria free by anti-malaria measures.
- (3) There are many villages which were absolutely free from malaria, have within recent time become malaria stricken as Suri, Bhasa, etc., even such villages situated on labrial soil as Ghatsila also Madhupur, have become malarious so it is the internal insanitary condition of the village sites is the most important factor—remedy that, you have got your solution—neglect it, malaria will invade villages whether situated on the banks of flowing river or on hilly place as Ghatsila. Dead river contribute to the increase of malaria, by the stagnant pools found on its bed act in the same way as insanitary condition of the villages described alive. Why should the mind of our sanitary minded politician be fixed on this point—the river system to the exclusion of so clearly removable causes, it passes my comprehension.

So I have, I believe cleared the doubts which are apt to arise in the minds of the world be social worker who want to take up village work.

About the Co-operative Anti-malaria Society, it is divided into two parts—the Central and the Rural Societies. The Central society has got about 100 members. In the central society the members do not enjoy any benefit. To become a member a person will have to pay Rs. 6 in the beginning and will have to pay Rs. 6 yearly. Many of the members have paid sums averaging Rs. 500 to Rs. 1,000, these are gifts to the society. The society has got a Board of Directors consisting of 9 to 13 members. Among the Directors as well as among the members, there are a good proportion of medical men. Some of them have given an undertaking that they will give their services free of charge whenever it is required—for going out to the villages for propaganda works, etc. We have got also an arrangement by which the secretary or medical officer of the rural societies can be given a training in the scientific portion. The rural societies are the agencies by which anti-malaria is actually carried out. They are voluntary agencies. Each member has to pay monthly subscription raising from 4 as. to Re. 1/-. The society frames its own Bye-Laws a model of which is furnished by the central society and the society is guided by them. It keeps a regular account and proceedings book. The members at a meeting sanction sums of money for carrying on anti-malaria work, which consists to in cutting jungles and filling cesspools and distributing quinine. The work is done under the supervision of the secretary. Each society tries to maintain a medical man on subsidy system—the medical man attends the families of members free of charge. The Central Society pays a monthly contribution and has also got the right to lend money to the societies to carry on bigger anti-malaria works. The societies will have to send every quarter a statement showing the cash balance and the work done by each society. As a rule, the societies are given as free a hand as possible—allowed to develop by propaganda work. It is very interesting sight to see how from insignificant beginning, big societies are developing I will illustrate my points by a concrete example—there is a small village named Nobogram in the Burdwan District. It is extremely malarious. A few enthusiastic inhabitants of the village getting information of our society, wanted to start an anti-malaria society there. They

could gather any 10 men who were willing to pay 4 as for starting a society—an application in proper form was sent to the Registrar—it was refused as the sum of Rs. 2/8 a month was an insignificant sum—a few days later, they have been able to contribute Rs. 30 a month. The society has been registered—a medical man (a sub-assistant surgeon) is going to be employed on a subsidy of Rs. 30. I do not think it necessary to go into any more details about these societies.

The whole of the organisation (the Central and the Rural) is registered under the Co-operative Registration Act. As ordinary people have got a terrible fear of any restraint I may tell them for their information, that we have not suffered in the least in the independence of our action by the registration—nay, we have been profitted in many ways by this connection. We have been given the benefit of sound advice based on experience of long standing, in organising our societies—our societies have been inspected and our funds audited—all these free of charge and without any charge I owe a deep debt of gratitude to the Cooperative Department for giving me help in everyway possible way. Mr. Donovan the head of the Department a glimpse of his spiritual side is occasionally seen like a flash light in most of his public speeches has been generous beyond measure in giving us a helping hand, whenever we are in deep waters. Dr. Bentley, our popular Sanitary Commissioner is our another pillar of He has circulated a code of instruction to his subordinates to inspect our societies and take occasionally spleen count of the locality in which our societies are situated. Burdwan District, our movement is spreading at a rapid stride —a new idea, anti-malaria dispensary, has been founded. this, a few inhabitants of the place collect together a sum of money by donation—a small dispensary is started, the medical practioner of the locality is requested to attend the dispensary for a couple of hours—as an act of charity. Around the dispensary as a centre a society is developed, the balance after meeting the expenses of the dispensary is spent on anti-malaria work. This rapid spread of the movement is entirely due to the head of the Division Mr. J. N. Gupta and the head of the District Mr. Drumund taking extreme interest in the movement,

From these we can form an idea of the inexhaustible source of energy which is lying dorment in the people. It is only a sympathetic heart that can bring it into use in fighting the deadly scourge of death. Its potantiality is unbounded. So with confidence, I can say our anti-malaria society has touched the right cord in the people's heart and has come to stay. So we ask you all in all humility to join this movement. Our door is open to all. One point I like to make clear—The true position of our society and its ultimate goal. This I will illustrate by an example. In Calcutta, there are thousands of deaf and dumb people non-official agency has started a deaf and dumb school, Government and the Municipality on finding its usefulness have given grants to the institute. But the starting of the instituton under non-official auspices did not east slur on the government—nor any institute is likely to do so—nor are the authorities are to be blamed, if they fail to increase accommodation for more boys or duplicate the institution nor are they to be blamed for not teaching all the deaf and dumb of Calcutta. They have done their bit—let others follow their example, if they feel the necessity for it—Similarly starting of our society does not mean any opposition or slur on the government-nor can one blame us for not doing the impossible thing namely—eradication of malaria from whole of Bengal—we will do our bit with the money at our disposal and with the opportunity which is offered to us. Our society is not subordinate to the sanitary department nor is a replica of it. It is an effort at self-help and it ennobles those who join it. So we ask to join it, in so doing you will serve both your country and your Creator. In his infinite wisdom he has cast your lot in this pestilential malarious country. You have been given an opportunity for serving your Creator, fulfil vour mission of life by not neglecting to make the best use of vour opportunity.

Report of the Working of the Central Co-operative Anti-malaria Society.

<sup>1.</sup> The society was registered on 5th July, 1919. On 16th April, 1920, the Board of Directors were nominated by the Registrar, Co-operative Society, Bengal.

- 2. It held five meetings.
- 3. Under its auspices 19 societies have been started, of which 4 are registered.
- 4. Of these societies one group consisting of 5 have employed on a subsidy of Rs. 50 a month, a graduate of Calcutta University, and another has employed a registered practitioner on a subsidy of Rs. 30 a month. The secretary regrets to state one of the societies will have to be abolished very soon, as it appears to be managed by a man on whom no reliance can be placed.
- 5. Mr. J. N. Gupta, the Commissioner of the Division of Burdwan, who has taken keen interest in these societies in his division organised a conference at Howrah, when a resolution was passed to the effect that Anti-malaria societies are to be started on the lines of the Panihatty System throughout his division and has allotted Rs. 500 to the several societies started in the Burdwan Division.
- 6. Howrah District Board has passed resolution that it will subsidise any society started within the district, similar resolutions have been passed by Maldah District Board.
- 7. The following two resolutions were passed at the last conference held at Dalhousie Institute, on 1st February, 1921—
  - (1) That Co-operative Anti-malaria Societies on the lines of Panihatty Society under the aegis of the Central Anti-malaria Society be organised throughout Bengal.
  - (2) That Government be approached through the Cooperative Department to enlist the sympathy of the District Board and the Chowkidari Union for help to these struggling societies in their initial stage.
- 8. A sum of Rs. 5,000 has been alloted by His Excellency Lord Ronaldsay from the sum of Rs. 50,000 placed at his disposal by an anonymous donor for fighting malaria.
- 9. The society has paid Rs. 80 out of its fund in all in aid of the rural societies and about Rs. 1,230 has been paid from the private funds of some of the members of the society.

The following is the total List of Contribution to the rural societies (there includes the contribution from the funds of the Central Society and private contribution by members as well)—

|      |             |            |           |                 |       |       | Rs. | Rs. |  |
|------|-------------|------------|-----------|-----------------|-------|-------|-----|-----|--|
| (1)  | Rasulpur A  | nti-malari | a Societ  | y               | •••   | 10    | o   | o   |  |
| (2)  | Nobogram :  | •••        | 35        | О               | o     |       |     |     |  |
| (3)  | Gobordanga  | Anti-mal   | laria So  | ciety           |       | 75    | O   | O   |  |
| (4)  | Panjia      | •••        | • • •     | •••             | • • • | 100   | ο˙  | 0   |  |
| (5)  | Panihatty C | entral Co  | mmittee   |                 | •••   | 60    | O   | n   |  |
| (6)  | Sodepur An  | ti-malaria | Society   | ·               |       | 72    | О   | 0   |  |
| (7)  | Natagore    | ,,         | ,,        | •••             | • • • | 12    | o   | o   |  |
| (8)  | Ghola       | ,,         | ,,        | •••             | •••   | 6     | o   | 0   |  |
| 19)  | Panihatty   | ,,         | **        | •••             | •••   | 420   | О   | o   |  |
| (10) | Sukchar     | ,,         | ,,        | •••             | •••   | 420   | О   | O   |  |
| (11) | (Kuchit, Bi | jur & Tilk | turia) (' | Three Societies | •••   | 100   | 0   | 0   |  |
|      |             |            |           |                 |       |       |     |     |  |
|      |             |            |           |                 | :     | 1,310 | o   | o   |  |

10. The society has lost three valuable members through death Lt.-Col. S. P. Sarbadhicary who was one of members of the Board of Directors. Babu Bhootnath Pal and Babu Ram Ratan Chatterji—The pleader poet of Alipur Bar, from whose facile pen has come out the master-piece—আমার আম which is used by us for propaganda work.

## Cash Balance for the year ending up to April 12th, 1921.

|                     |       | Rs.        | Λ. | P. |                          |     | Rs.    | A. | Р. |
|---------------------|-------|------------|----|----|--------------------------|-----|--------|----|----|
| Receipts.           |       |            |    |    | Expenditure.             |     |        |    |    |
| Donation            |       | 19,006     | 0  | O  | Paid to rural societies  |     | So     | o  | 0  |
| Subscription        |       | 467        | U  | O  | Printing Charges         |     | 358    | 2  | 0  |
| Share               |       | 1,980      | 0  | υ  | Stamp and Stationery     |     | 44     | 13 | 0  |
| Admission Fee .     |       | <b>~18</b> | 0  | O  | Furniture                |     | 150    | ü  | o  |
| Interest            |       | 836        | 3  | 9  | Share Admission Fee      |     | 20     | O  | o  |
| Dividend            |       | 28         | š  | 3  | Establishment            |     | 100    | o  | O  |
| Paid by Bank to Art | Press |            |    | •  | Sundries                 |     | 42     | O  | 0  |
| and Stamp           |       | 50         | 5  | 0  |                          |     |        |    |    |
|                     |       | .,         | •  |    |                          |     | 804    | 1  | 0  |
|                     |       |            |    |    | Fixed Deposit in Bank    |     | 19,071 | 0  | 0  |
|                     |       |            |    |    | Share of Federation Bank |     |        | o  |    |
|                     |       |            |    |    | Current Account in Bank  |     |        | 11 | 3  |
|                     |       |            |    |    | In Hand                  |     | 148    | 4  | 2  |
|                     |       |            |    |    |                          | ••• | 2,40   | 7  | ., |
| 1                   |       |            |    |    |                          |     |        |    |    |
| Total               | •••   | 22,386     | 1  |    | Total                    | ••  | 22,386 | 1  | 0  |

In addition to this, a sum of Rs. 1,230/- has been distributed to the different societies from the private funds of the members.

#### AFFITTANZE COLLETTIVE AS A MODEL FOR INDIA

MR. H. W. WOLFF'S LETTER TO THE EDITOR.

DEAR PROF. COYAJEE,

From the last issue of your Journal, to hand yesterday, I am glad to learn that Mr. Rothfeld is holding up the Affittanze Collettive of Italy as a subject for attentive study in India. I have known those Affittanze almost from their earliest beginnings and have written about them calling attention to them repeatedly within the last nearly thirty years. I have added more particulars in my new book now in the press "Rural Reconstruction". And I hold them worthy of that study which I am glad to see that you, in company with Mr. Rothfeld bespeak for them more specifically in India. I would speak with hesitation and reserve, as not knowing sufficient about landholding and cultivating conditions to be very positive. But it appears to me that India which had more features than one in common with Italy-affords particularly good ground for drawing a lesson from these Affittanze, which have already met with ready, and successful imitation in Roumania and Serbia. But let us be clear as to what we want. Mr. Rothfeld's fancy appears to have been captured not by the collective landholding—which is the governing idea in the Affittanze, Affittanze simply meaning landrenting—but by the collective cultivation practised on some, still only a minority, of the Affittanze existing.

Now, common cultivation for common account, on cooperative lines, is a very much older idea than common land-renting—with the exception of those old and now obsolete patriarchical family settlements, the French Communantor, the Slav Zadrugar and Dzaujinar and the Italian Communanze and participanze—and has nothing specifically Italian about it. Mr. Donovan will be able to tell you about Irish Ralahine. We have had other specimens both in England and in Ireland.

On a small scale there is something of the sort in progress in Foyner in Ireland, Lord Monteagle's property. However nowhere in Europe does that appear to have proved a signal success. The two co-operative farms at Allington started a long time ago, still go on satisfactorily holding thereon, with a balance shown on the right side. But here success has not been such as to have induced imitation. In Italy the idea of collective cultivation (Conductione Unita) was introduced into the Affittanze by the socialists, who are strong and powerful in imitation in the entire Italian social movement; and they are active in pushing it. But the natural bent was towards separate cultivative (Conduzione Divida). And collective cultivation has not by any means vet made a mark sufficient to establish its superiority. Where a substantial improvement in yield has been made out, the comparison is with very backward conditions indeed, so that the comparative success achieved proves little. The large settlement though admirably officered and admirably manned, turned out a failure.

In India, however, with, on the one hand, its minutely divided fragmentary holdings, and, on the other, its in the main very uniform husbandry, there appears to me to be a better, chance for collective cultivation, if carried out on the right lines, as a preparation for something agriculturally more perfect.

You make a good point in suggesting that it may do something to remedy the evils resulting from excessive fragmentation of land-holdings. It may do so for the moment, and may prepare the way for something better and more permanent. That fragmentation of land is in India a terrible obstacle to good husbandry. It has been so elsewhere—and is so still to a not inconsiderable extent. Because it has not by any means been got rid of to the extent that a writer in a South Indian co-operative contemporary of yours writing in the most recent issue assumes. Germany and Switzerland are indeed the only countries in which it has been practically—not yet literally—got rid of. And in Germany it needed a Stein, and the fact that the peasantry had something to give in exchange, in the shape of their common rights to effect the business. France began to

tackle the question only just before the war. In England the matter was settled by the bigman buying up all the land with his big purse and obtaining Enclosure Acts to "steal the common from the fools". The Japanese re-adjustment of which we hear a good deal, does not go far. Elsewhere as good as nothing has been done.

Highly important and urgent as the matter is for India, it is just in that country that the difficulties to be grappled which seem most serious. Your complicated land system is to us Europeans a veritable Conundrum, and ultimate re-adjustment of the property must in India seem a long way off indeed. However as you suggest something might be gained and to some extent the way may be planned if holders were induced to cultivate together for common co-operative account. They would then learn to realise how much is to be gained by having compact rugular fields to till. As matters now stand there must needs be great waste and there must be serious obstacles to the introduction of many improvements and so agriculture must remain backward. There is no need to particularise.

To return to the subject of Affittanze, their object is, as observed not to promote collective cultivation, but to obtain the land more cheaply and more securely in the same way that collective buying of goods in large quantities lowers the price. the land-lord who lets the land, the system assures the very valuable advantages of having less trouble in the collection of his rent and an indubitably solvant tenant from whom to collect it. However the conditions still attaching to the system in Italy, are harsh and onerous—payment in advance and very short leases. In any other country that would prove a serious objection. Italy they are not much felt, because in matters of land-holding everything is backward, and the land-lord—a very self-willed one to deal with-has always his own way. When about ten years ago I wrote to an Italian agricultural paper insisting that some such security of tenure ought to be given as we gave. to Irish tenants in 1880, the Editor commented upon my suggestion as being 'revolutionary'—though he had himself pointed out the hardship. Since I am writing to the Bengal Co-operative Quarterly Journal, may I take this opportunity for

thanking your colleague Prof. P. Mukherjee for the excellent article "Notes on Indian Co-operation" which he had contributed to the current number of Better Business. It is sure to be useful and bring the co-operators of the two countries nearer together.

I beg to remain, Dear Prof. Coyajee,
Yours sincerely,
(Sd.) HENRY W. WOLFF.

The Reform Club, LONDON. March, 23rd.

#### CO-OPERATION IN BENGAL

1. Proceedings of the First Conference of Supervisors of Central Banks in the District of Mymensingh, held at Tangail, on the 14th February 1921, with the Sub-Divisional Officer in the Chair.

#### PRESENT.

- 1. Srimanta Kumar Das Gupta, Esq., M.A., S.D.O., Tangail, President.
- 2. Babu Jyotish Chandra Chakravarty, Circle Inspector, C. S., Jamalpur.
- 3. Babu Sailendra Nath Chatterjee, M.A., M.L., Munsiff, Tangail.
- 4. Babu Priya Nath Biswas, M.A., Chairman, T. B., Tangail.
- 5. Babu Purnendu Mohan Ghose, B.L.
- 6. Babu Jogendra Nath Majumder, Late Secy., C. B., Tangail.
- 7. Babu Kiransasi Tarafder, Director, C. B., Tangail.
- 8. Babu Brindaban Chandra Chakravarty, Director, C. B., Tangail.
- 9. Babu Jogendra Chandra Chakravarty, Secy., C. B., Tangail.
- 10. Babu Tara Prasad Roy.
- 11. Babu Gopal Chandra Bhattacharyya, Pleader, Late Chairman, C. B., Tangail.
- 12. Babu Woopendra Chandra Seal, Supervisor, Mymensingh.
- 13. Babu Jitendra Chandra Ghosal, Supervisor, Jamalpur.
- 14. Babu Satya Kumar Mitra ,, ,,
- 15. Mir Kefayat Ali ,, ,,
- 16. Mahammad Sahebali ,, ,,
- 17. Babu Bijoy Kanta Majumder, Supervisor, Tangail.
- 18. Bbau Nagendra Kishore Chakravarty, Supervisor, Tangail.

The Conference was opened by the President and the following items of business were discussed and considered—

1. How to improve the condition of Rural Societies and devise means to educate members on the principles of Co-operation and train office-bearers of Rural Societies.

Babu Nagendra Kishore Chakravarty in moving the resolution made some suggestions regarding the improvement of Village Societies and education of members on the principle of co-operation.

It was seconded by Mir Kefayat Ali and supported by Baba Woopendra Chandra Seal.

SUGGESTIONS AS TO THE IMPROVEMENT OF RURAL SOCIETIES.

Considered the suggestions and resolved that the copy of the suggestions be forwarded to the Registrar for his consideration, and if necessary for, discussion in the next Provincial Conference of Co-operative Societies at Calcutta.

Further resolved that the Chairmen of the different Central Banks in the District of Mymensingh be requested to give some of the suggestions a trial as far as possible.

2. Recruitment of Circle Inspectors and Auditors from Supervisors.

The Resolution was proposed by Babu Woopendra Chandra Seal, seconded by Babu Bijoy Kanta Mazumder and supported by Babu Jitendra Chandra Ghosal.

CIRCLE INSPECTORS 25 PER CENT. AND AUDITORS 75 PER CENT. TO BE RECRUITED FROM SUPERVISORS.

Resolved that the Conference urge upon the Registrar that 25% of the appointments of Circle Inspectors and 75% of the appointments of Auditors be made from amongst the Supervisors, and that to prevent the claim of the Supervisors being overlooked the Registrar be requested to have a Provincial List in his office according to seniority and efficiency and that appointments of Paid Managers and Paid Secretaries be made from amongst them.

3. Pay and Prospect of Supervisors and their Travelling Allowance.

The Resolution was proposed by Babu Staya Kumar Mitra, seconded by Babu Woopendra Chandra Seal and supported by Babu Bijov Kanta Majumder.

PAY OF SUPERVISORS AND CIRCULAR ABOUT T. A. TO BE WITHDRAWN, AND THE SCALE TO BE ACCEPTED.

Resolved that the Conference urge upon the Registrar the necessity of fixing the scale of pay of Supervisors at Rs. 60-5-2 100 with a Selection Grade of Rs. 125 and that the Registrar be moved to withdraw the Circular about the maximum limits of Rs. 25 and of Rs. 35 fixed by him as Travelling Allowance of Supervisors and that the following scale of Travelling Allowance be accepted—a Daily Allowance of Rs. 2 in the dry season and Rs. 3 in the Rainy season and Steamer, Train fares according to Civil Service Regulations.

#### Advisability of recommending Loan applications.

4. The recent High Court Rulings regarding the sale of Jote-lands and the advisability of recommending loan applications of Societies.

#### LIQUIDATION AND INDIVIDUAL CERTIFIACTE.

5. By gradual increase of the Liquidation of Societies the Co-operative Movement is becoming unpopular among the masses. Authorities may be moved to extend Legislation on issuing certificates against bad and wilful defaulters.

Resolved that the Items 4 and 5 be postponed as the subjects are already engaging the attention of the Provincial Conference.

6. To hold a Provincial Conference of Supervisors before the Provincial Conference of Co-operative Societies at Calcutta and to form a Provincial Association.

Proposed by Babu Bijoy Kanta Majumder, seconded by Babu Satya Kumar Mitra and supported by Babu Woopendra Chandra Seal.

### PROVINCIAL CONFERENCE AND DISTRICT ASSOCIATION OF SUPERVISORS.

Resolved that a Provincial Association of Supervisors be formed and that arrangements be made for holding a Provincial Conference of Supervisors next year. That the Co-operation of other Central Banks be sought and that a District Association of Supervisors of the Mymensingh District be formed at once with the following Office-bearer—

Babu Bijoy Kanta Majumder, Supervisor, Tangail Central Bank, be elected Secretary for the next Session.

7. To move the Registrar to allow a certain percentage of Supervisors to attend the Provincial Co-operative Conference as representatives of the whole body of Supervisors.

### REPRESENTATIVES OF SUPERVISORS IN THE PROVINCIAL CONFERENCE

Resolved that the Registrar be moved to invite some of the Supervisors to attend the Provincial Co-operative Conference.

#### REST-HOUSE AT SUITABLE PLACES.

8. To move the Central Banks and District Boards to provide Rest-houses for Supervisors at suitable places.

Proposed by Babu Woopendra Chandra Seal and seconded by Babu Nagendra Kishore Chakravarty and supported by Mir Kefayet Ali.

Resolved that the Directors of the Central Banks be requested to provide Rest-houses at suitable places in co-operation with the Chairmen of the District Boards.

9. Resolved that the copies of the proceedings of the Supervisors' Conference be sent to the Registrar, Joint-Registrar, Chairmen of Central Banks and District Boards and Circle Inspectors of Co-operative Societies.

#### VOTE OF THANKS.

With an address from the President and a vote of thanks to the Chair, the Conference came to a close.

S. K. Das Gupta,

President,

Co-operative Supervisors' Conference,

Mymensingh.

Extracts from proceedings of a meeting of the Executive Committee
of the Bengal Co-operative Organisation Society held in the
Society's room at 6, Dacre's Lane, on the 22nd of March,
1921, at 5-30 p.m.

#### PRESENT.

Mr. B. De, in the Chair.

Mr. H. W. B. Moreno.

Prof. P. Mukherii.

Prof. Promathanath Sarkar.

Mr. Surendra Nath Sinha, M.L.C.

Mr. N. C. Bose.

1

Rai Radhica Mohon Lahiri Bahadur.

#### RESOLVED.

That steps be immediately taken to register the Bengal Co-operative Organisation Society under the Co-operative Society's Act.

Read a letter from Rai Gopal Chandra Chatterji Bahadur—Resolved that the Bhandar be supplied to all registered Co-operative Anti-malarial Societies at Rupee one per year. Resolved also that the question of helping organising work be postponed pending the receipt of a definite reply from the Registrar regarding the loan of the services of an Inspector of the Department to the Society.

Resolved that the Secretary and the Treasurer do arrange for a whole-time paid Asst. Secretary on Rs. 75 per month rising to Rs. 100 by biennial increments of Rs. 5.

Resolved that Babu-Charu Chandra Bose be appointed as an Assistant in the Bengal Co-operative Organisation Society Office on Rs. 50 per month with effect from February 25th, 1921.

Resolved that the following gentlemen do constitute the Housing, Stores and Press Sub-Committees:—

Mr. B. De.
Prof. P. N. Sarkar;
Mr. H. W. B. Moreno.
Prof. P. Mukherji.
Kumar M. C. Sinha.
Mr. T. C. Roy.

that Kumar M. C. Sinha be the Chairman of all these Sub-Committees, Mr. Moreno, the Secretary of the Housing Sub-Committee and Prof. P. Mukherji, the Secretary of the other two Sub-Committees; that three members do form the quorum for each of these Sub-Committees.

Resolved that the following members do form a Working Sub-Committee of the Executive Committee:—

Mr. B. De, Mr. N. C. Bose, Prof. P. Mukherji, Mr. H. W. B. Moreno, Prof. P. N. Sarkar, Kumar M. C. Sinha, with Mr. B. De as Chairman and Prof. P. Mukherji as *ex-officio* Secretary; that three members do from the Quorum for meetings of this Sub-Committee; and that the proceedings of the Sub-Committee be reported to the Executive Committee.

Resolved that such resolutions of the Executive Committee as are of public importance be published in the Journal.

Resolved that a Bengali edition of 1500 copies of the Rules of the Society be published.

Resolved that this Committee recommends to the General Committee that sub-sections (2), (3) and (4) of Sec. 3 of the Rules of the Society may be occasionally relaxed.

## A PROPOSAL FOR THE FUTURE ORGANIZATION OF THE CO-OPERATIVE DEPARTMENT OF BENGAL

By MAULVI ABDUL JABBAR, Circle Inspector, Co-operative Societies, Bengal.

The functions of the Co-operative Department may be divided into the following principle heads:—

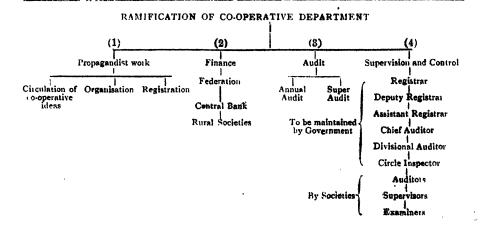
- (1) Propaganda
- (2) Finance
- (3) Audit
- (4) General supervision

#### PROPAGANDA WORK.

The propaganda work itself may again be sub-divided into the following minor heads:—

- (a) Circulation of Co-operative ideas;
- (b) organisation;
- (c) registration.

The first two of the functions will be performed by the local non-official financing institutions, viz., Central Banks under the guidance of the Bengal Co-operative Organization Society. The



constitution and the function of the Bengal Co-operative Organization Society will be as follows:—

Constitution:—All the central banks of the province should be affiliated to it. Representatives of the central banks, experts of the Department, outside expert bankers and sympathisers will form its general committee. The executive committee will be formed of elected members from amongst them.

Functions:—(i) To propagate the ideas of co-operation by circulating journals, leaflets, pamphlets, by lectures with lantern slides, by itinerant lecturers, conferences and exhibitions. (ii) To arrange for the training up of Departmental officers, organisers, central bank staff, secretaries of rural societies, etc. (iii) To frame rules for organising societies and preparing their byclaws. (iv) To raise funds in general from Government, philanthrophists and from central banks in order to promote the aforesaid objects.

Central Banks:—The constitution and functions of the central banks will, in short be as follows:—

Constitution.—All the societies within its jurisdiction should be affiliated to it. Where possible preference shareholders should altogether be avoided in order to make it a pure type Central Bank. Where mixed type Central Banks are in existence an attempt may henceforth be made to eliminate the preference shareholders gradually and their Board of Directors should at present consist of twelve members, eight of whom should be elected by the societies and only four by preference shareholders.

Functions.—(a) To spread co-operative ideas and principles within its jurisdiction.

- (b) To organise societies.
- (c) To finance the affiliated societies.
- (d) To see that their affairs are kept in proper condition (by audit and supervision).
- (e) To settle all matters of common interest.

All the Central Banks should be affiliated to the Bengal Cooperative Organisation Society for expert advice, for propaganda and organisation work.

#### BENGAL CO-OPERATIVE FEDERATION.

All Central Banks should also be affiliated for finance and supervision to the provincial co-operative federation, the constitution and functions of which are detailed below:—

Constitution.—All the credit and industrial central banks should be affiliated to the federation. Representatives of the Central Banks should form its general committee. The Directors should be elected from among them and them only. The Registrar may be their official adviser since he is in a position to estimate the financial condition of all the banks of the province.

Functions.—(i) To develop co-operative societies within the province. (ii) To finance central banks, credit or industrial and to serve as a balancing institution for their excess funds and shortages. (iii) To see that the affairs of the affiliated societies are being kept in proper condition (by proper audit and supervision). (iv) To maintain a general control over the whole co-operative finance of the province.

#### ORGANISATION.

Central Banks are local financing institutions. Their objects, as stated above, will show that the organisation work should be done by them under the guidance of the Bengal Cooperative Organisation Society so that there may be no clashing between the financing institutions and the organising bodies. The local financing institutions may or may not finance the societies organised by the Registrar's Staff and outsiders. The Registrar cannot compel them to finance these societies. If there be any clashing, co-operation will certainly cease.

It is only on sound organistion that the success of the Department rests. The organisation should therefore require the best and the most serious attention of all concerned. It may therefore be suggested not to have rural societies organised by people who live in towns and the village tout should be avoided as an organiser. This important function of organisation is at present left in the hands of a band of honorary workers. It must however be admitted that there is a limit within which honorary organisers may be expected to work for the movement. Most

people have their own affairs to look after. Very few can spare time required for the sound organisation of co-operative societies. The Department has passed through several stages and has already created a great demand for co-operative societies. these circumstances, it may be suggested that the Central Banks should get their societies organised by their directors, paid staff, or by secretaries of rural societies. The organisers should be local men of substance and reliance. At the same time they must be well conversant with the principles of co-operation and the rules for organisation framed by Bengal Co-operative Organisation Societies for the purpose. The jurisdiction of every organiser should be limited to small areas. The organisers should be men of their own jurisdictions fully aware of the circumstances and characteristics of the people of their areas. Organisers must not organise societies until there is a demand for such. They should see that the main points of co-operation are fully grapsed by them and that the members of the committee will be able to manage their affairs in a business-like manner. The organisers should feel themselves responsible for the wellbeing of all societies formed under their advice. Even if they be honorary men they should be paid sufficient for their expenses by the Central Banks. If Central Banks are not in a position' to afford the cost the Government or Bengal Co-operative Organisation Societies may be asked to contribute a portion of the cost to the Central Banks.

#### REGISTRATION.

Registration is the legitimate work of the Department. It should entirely be in the hands of the Registrar and his authorised staff. In view of the fact that no propaganda work is recognised until societies are duly registered, it has therefore been placed under the propaganda work. The registering authorities should also share some responsibility for the welfare of the societies registered by them. Every organisation paper should be very strictly scrutinised before registration. No society should therefore be registered until it is recommended by the Board of Directors of the Central Banks after a local enquiry by some director or paid staff or by the department's local officers

There can be no objection if the power of registration be entrusted to the circle inspectors. No doubt more scrutiny will then be possible but in that case arrangements should be made for the office establishment of the circle inspector.

#### FINANCE.

All the rural societies should be affiliated to the central Central banks will finance the rural societies at the time of their necessity. All the central banks should be affiliated to the provincial federation. If necessary, central banks may have financial help from the federation. The federation will balance the excesses and the deficiencies of the central banks and will maintain a general control over them by means of reliable audit and supervision. Central banks in their turn will maintain general control over the affiliated societies by supervision and audit and will be responsible for seeing to their affairs being in proper condition. It is the duty of the financing agencies to see that their investments are secure; hence this important link in the co-operative chain for the purpose of supervision and audit of co-operative societies is necessary, and must be maintained. The details may be worked out by the societies themselves according to their circumstances and environments subject to the approval of the Registrar and his authorised staff.

#### Audit.

A society to be fully co-operative and thoroughly business-like must live up to a certain standard. In consideration of the classes of people who compose the bulk of the agricultural and industrial societies it is useless to expect the maintenance of the said standard without frequent audit. The responsibility for audit is placed upon the Registrar under Section 17 of the Act which prescribes that every Society shall be audited by the Registrar or some persons authorised by him, once at least, in every year. This audit of co-operative societies is first intended to assure the Government that the societies are developing on sound lines; secondly, for the satisfaction of financiers who have entrusted their money to the movement and of the society members them-

selves. The sub-section 2 of the said section explains clearly that the audit of co-operative societies is not confined merely to the preparation of balance sheets but embraces in addition a thorough enquiry into all circumstances, viz., the examination of over-due debts, valuation of assets and liabilities in detail, testing of the knowledge of the committee officers and ordinary members of their duties and responsibilities and confidential enquiries about other abuses mentioned in page 4 of the "Instructions to Departmental Officers." It is now clear that through audit and audit alone an effective control can be exercised over the movement. The auditing staff whether paid by Government or by societies themselves should be responsible to the Registrar and must be controlled by him and his authorised staff.

It is already stated that the provincial federation and the central banks being the financing institutions should be concerned with audit. The Board of the federation which is formed of the representative of the central banks may be authorised to frame rules for reliable audit from time to time in consultation with the Registrar. At present this is done by the Registrar himself. The societies have very little hand in the matter.

#### AUDITING STAFF AND THEIR QUALIFICATIONS.

The object and process of audit of co-operative societies are quite different from those of the Joint Stock Companies. No specified educational qualification should be made a standard for the recruitment of the auditing staff. It will be better if they are recruited from the existing intelligent, tactful and hardworking officers of the central banks, who have already gained some experience of the working of the societies. If this practice be adopted it will act as an impetus for good work.

The auditing staff may be divided into two classes one for original annual audit, and the other for super-audit. At least one half of the staff for the original audit may be recruited from the staff of the central banks, viz., supervisors. examiners, etc. The other half may be recruited direct. The cost of the original audit may be realised from the societies by the federation through the central banks and the local Government staff by levy of some cess on the basis of their working

capital. This staff may be treated as much Government servants as the Kanungoes of the Settlement Department are. They may be paid on the same scale as the Kanungoes are paid. The recent circular of the Board of Revenue for the recruitment of the Kanungoes may be referred to. They are now treated as non-pensionable permanent Government servants, when the Kanungoes are promoted to Sub-Deputy Collectors they enter into the full category of the Government servants. So when the auditors of the co-operative department will be promoted to the circle inspectors they will then be full-fledged Government servants. If this scheme be adopted, the service will attract better men, and there will be no difficulty for estimating the expenditure of annual audit and consequently assessment thereof.

#### SUPER-AUDIT.

By super-audit is meant the Government audit by its own permanent pensionable staff. This audit will not be merely the testing of the previous audit by a percentage check but a separate and complete audit made at intervals of three to four years. This audit should be performed by the circle inspector of each circle. As the present staff is insufficient even for the annual audit, circle Inspectors may be caused to audit 25% of the societies of their circle by rotation so that within four to five years all the societies of all the circles may be audited by the superior staff. The question of their pay and prospects will be dealt with later on.

Without check or test of audit done by the above two classes of auditing officers, the audit may in the long run turn into a perfunctory one. Further if sufficient action be not taken to remedy defects pointed out by the auditing staff, the value of audit will practically be nil and the good societies following the examples of the bad ones will degenerate and the bad societies will soon come to ruin. Hence it may be suggested that there should be sufficient staff to check the audit notes and see whether sufficient actions are being taken to remedy the defects. This task may be entrusted to the present Divisional Auditors. For this purpose it would have been better if the audit notes were written in triplicate. One copy to be

given to the society, the second to the central bank, and the third to the Divisional Auditors. It is known that most of the agricultural societies will not be able to understand the audit notes written in English. In their case, the defects noticed may be recorded in the vernacular by the auditing officer in the inspection book of the society. The central bank on receipt of a copy of the audit note will prepare three copies of audit orders and will send a copy of the same to the divisional auditor and the second to the supervisor and the third will be attached to the audit note. In the case of central banks, this will be done by the provincial federation. The supervisors or examiners will go to the locality and will get all the defects remedied and will submit a report in duplicate to the central banks. The central banks will send a copy of the same to the divisional auditors and will also see whether the defects were properly attended to.

Now comes the duties of the divisional auditors with regard to them. They will first see whether the balance sheets with the details of assets and liabilities were correctly drawn up. Then they will see whether audit orders prepared by central banks were all right and last of all they will see from the report of the supervisor whether all the defects were remedied. If these were not properly attended to, they may first refer the matter to the central banks concerned. If the central banks fail to remedy the defects the circle inspectors may be asked to remedy them. If they also fail the central banks may be asked to suspend financial help. If that does not remedy the defects the Registrar may be requested to dissolve the society. If in this way prompt action is taken on audit notes societies connot but be useful and prosperous institutions.

The two divisional auditors and the chief auditor are quite insufficient to cope with the work suggested. There should at least be one divisional auditor with some assistants for every 1000 societies. In consideration of the ardous task entrusted to them their status pay and prospects should be better than those of the divisional officers of other departments, viz., superintendents of agriculture, deputy superintendents of veterinary department, circle officers of industries, superintendents of excise

and salt. These officers should be recruited solely from the tactful and intelligent inspectors of the Department and not from Sub-Deputy Collectors who have opening in the executive branch. Efficiency and successful work should be preferred to length of service in selecting them.

Audit Season:—Audit season now extends from January to September. This system of continual audit seems to be quite unsatisfactory. The summer and the rains fall within the period. An auditor has to move from village to village with his audit notes across the fields in the schorching rays of the sun in summer and in rains through the rough seas and rivers in the Districts of Eastern Bengal and through the watery and muddy roads of Western Bengal.

All these and the continual exertion of audit tell upon his health to a great extent and consequently the quality of his work is bound to deteriorate. It may therefore be suggested to make necessary provision for some suitable recess to prevent routine habit and monotony of audit work. The audit of unlimited liability societies may with advantage commence immediately after the Pujaholidays and extend up to the end of March and that of limited liability societies; from 1st July to the middle of September after a recess of three months. This arrangement, if accepted, will greatly lessen the hardship of auditors and their work will be more congenial and agreeable. During the period of recess auditors may be called upon to guide and assist new developments.

#### SUPERVISION AND CONTROL.

Co-operative societies are democratic institutions. Their supervision and control should always be in the hands of the institutions themselves. In consideration of the want of education and knowledge of proper management it was deemed necessary in the beginning to allow the movement to develop in India under Government guidance and control, but with the ultimate object of making the people themselves responsible for them. In fact with the development of the movement the con-

trol of the Registrar has gradualy been relaxed. At present the financing institutions, viz., central banks play an important part in the supervision of the affairs of their affiliated societies by means of their own staff, but the ultimate control is still left

#### REGISTRAR AND HIS STAFF.

The duties of the Registrar and those of his staff with regard to societies are in short as follows:—

- (i) To scrutinise applications for registration of societies.
- (ii) To register bye-laws and amendments of bye-laws.
- (iii) To audit and to cause societies to be audited.
- (iv) To see that the rules and bye-laws are observed.
- (v) To inspect and to get societies inspected.
- (vi) To dissolve undesirable societies, and to carry out their liquidation.
- (vii) To devise effective means for impressing real knowledge of co-operation on the bulk of the population.

All these will show that the Registrar and his staff are to work as guides, philosophers and friends to the societies.

There are now over 6,000 societies in Bengal. It is not possible for the Registrar alone to control such a large number of societies and the subordinate staff attached to them. Hence he has got one Deputy Registrar and four Assistant Registrars to help him in his duties. The present superior staff of the Registrar will be quite sufficient for the work if the suggestions made were carried out in full. Assistant Registrars should henceforth be recruited from Divisional auditors and their pay and prospects should be equal to those of the Deputy Directors of Agriculture and the Deputy Commissioners of Excise and Salt.

Then comes the Chief Auditor and the Divisional Auditors, whose duties are defined as follows by the Registrar in his annual report to the Government for the year 1917-18—

(1) To examine all audit notes and see that proper action is taken upon them.

- (2) To train auditors and inspectors in audit work.
- (3) To audit important societies and central banks.
- (4) To calculate and keep account of audit cess and to see that it is paid regularly.

It is not even possible for these three officers to check the audit notes of over 6,000 societies and to see whether action is being taken upon them on the lines suggested above. Further they are entrusted with the task of training auditors and inspectors. The task entrusted to them is very heavy but on the fulfilment of their task the success of the Department mainly rests. Under the circumstances it is proper to suggest that the number of Divisional auditors should at once be increased and none of them should be given charge of more than 1,000 societies.

#### CIRCLE INSPECTORS.

Circle Inspectors are eyes and ears of the Registrar. They are the Registrars of their own circles. They are to perform all the duties of the Registrar in miniature. They are to move among and deal with high officials and also with the rural uncultured and uneducated public. The nature of the work done by this class of officers was fully discussed in the last conference and was unanimously appreciated by the conference. The conference without any dissension recommended an increase their number, status, pay, prospects and allowances. No inspector should have charge of more than 100 societies. In consideration of the hard task performed by them their status pay, prospects and travelling allowances should in every way be more than those of the District Officers of education, excise and Chowkidari circles.

In point of importance the auditors with whom I have already dealt in detail come after the Inspectors.

#### CENTRAL BANKS AND THEIR STAFF.

To ensure the success of the affiliated rural societies central banks should have their accounts scrutinised and examined constantly by their own staff. Most of the central banks, in the province, have realised this and appointed a staff for the purpose. This staff acts as the organs of vision and information of the central banks. They instruct the members in co-operative principles and get defects remedied after audit. They are concerned to see that the work of the societies are not only businesslike and up-to-date but genuinely co-operative. All these will show that they do the very useful work. They should therefore be given suitable remuneration so that they may be above any suspicion. No supervisor should have more than 30 societies in his charge. They should visit societies at least once in every quarter, and should fill up the prescribed inspection forms twice a year. The present inspection form seems to be unnecessarily lengthy. A revised form has already been submitted to the Assistant Registrar, Dacca, for approval. They should submit a carbon copy of their notes to the Circle Inspectors with their tour diaries. The Circle Inspector will send them back to the Central Bank with his remarks requesting the Directors of the Central Bank to take necessary action upon them. The question of the pay of this useful band of officers is left to the consideration of the central banks themselves, but for their prospects it may be urged upon the Department that at least 50% of the auditors should be recruited from amongst them.

There is another set of officers under certain central banks, called local examiners. If the societies can be conveniently grouped and placed under some local examiner as suggested by the Divisional Auditor, Dacca, in the last conference, the affairs of the societies in certain areas inhabited by illiterate people will greatly improve; but the cost of these examiners should be met from the contributions of the societies for which they are appointed. Examiners must not be allowed to raise their remuneration themselves from the societies. It should be the duty of the central banks to pay the examiners from their own funds just as the supervisors are paid. Central banks will only distribute the contributions upon the societies concerned and will collect them together with their quarterly interest. examiners should be made to understand clearly that they are the servants of the societies and not their masters. examiner be found efficient he may be promoted to the post of the

supervisor. The examiners should also submit their diaries and inspection notes to the circle inspector like supervisors.

The sanction for the permanent retention of the co-operative department has already been obtained. It may, therefore, now befittingly suggested that the service be made a close service and the deputy and sub-deputy collectors who are now in the Department be gradually eliminated.

#### **RAJBARI CO-OPERATIVE CONFERENCE**

The Second Annual Co-operative Conference was held at Rajbari on the 20th of February last. Almost all men of light and leading in the town as well as a large number of members of rural societies, panchyets, and villagers assumbled and took a keen interest of the deliberations. A report dealing with the progress of the movement was read by me at the Conference. Captain Petavel then addressed the audience with an instructive lecture on Co-operation. Next Babu Hera Lal Ray, Sub-Deputy Collector and Circle Officer, read a paper on the union systems and their possibilities. The Veterinary Assistant, Faridpur, read an interesting paper on the improvement of Cattle. Babu Debendra Nath Mitra, Dist. Agricultural Officer, Faridpur, next addressed the audience on the improvement of Indian agriculture.

Mr. J. T. Rankin, I.C.S., Commissioner, Dacca Division, who presided at the Conference summed up the proceedings with a nice little speech and congratulated the organisors at the success of the function. The Commissioner then distributed medals and prizes to deserving Secretaries and Chairmen of rural societis, which were presented by the Goalundo Central Bank.

The Commissioner then formally opened the Agricultural and Industrial contribution which was also organised by me and was highly pleased with the large number of useful and instructive exhibits which be said.

The following Report was read by Babu Akshoy Kumar Bose, Sub-Deputy Collector and Circle Inspecter, Co-operative Societies.

This is the second occasion when a conference of this nature sits at Rajbari. The first conference held in April last year was considered to have done useful service and so the organisors thought of having a similar conference again this year. It is very fortunate that as in the last occasion, we have as our president, Mr. J. T. Rankin, I.C.S., Commissioner, Dacca Division, whose sympathy and keen interest in the cause of co-operation and agriculture are well-known. We are grateful to him for the readiness with which he consented to spare a day for us even in the midst of his heavy official and public duties.

Since we met last time co-operation has made a steady progress in this Sub-Division. There has been a growing demand for more societies which shows that people are appreciating the benefits of co-operation and are anxious to come within its fold. Nine New Societies have been registered during the year and registration of some more are pending. There is also a demand for industrial societies, such as co-operative stores and consumers societies which goes to show that the useful service rendered by the Rajbari

Co-operative Store is being gradually appreciated. It is gratifying to note that the Rajbari Co-operative Store is getting on with its business quite satisfactorily. It made a net profit of over Rs. 500 in nine months, i.e., up to 30th June last. The store is no doubt passing through an anxious time owing to flactuations in the cloth and rice market but it hopes to steer through without much difficulty.

The encouragement given last time by the Goalundo Central Co-operative Bank by distributing prizes the deserving office-bearers of rural societies had a wholesome effect. Almost all of those societies have been able to maintain their good standard of work and the neighbouring societies are profitting by their examples. The Goalundo Central Co-operative Bank, viz., generously set apart a still larger amount out of last year's profit, to be utilized for the same purpose and the following selection has been made this year for award of prizes:

- Babu Umesh Chandra Chakravarty, Secretary, Goalundo Central Bank.
- 2. Babu Basanta Kumar Mondal, Secy., Sailkati Dakshinpara Society.
- 3. Munshi Abdul Jabbar Molla, Secy., Sailkati Paschimpara Society.
- 4. Munshi Mojaharuddin Shikdar, Ctairman, Kashbamajail Society.
- 5. Babu Sirish Chandra Roy, Secy., Mohonpur Society.
- 6. Babu Kashi Nath Das, Secy., Sangura Dakshinppara Society.
- 7. Munishi Abdul Majid Molla, Secy., Rajapur Society.
- 8. Babu Ashutosh Bhowmik, Chairman, Malliat Society.

It shall be my privilege, Sir, later on to request you to hand over prizes to these deserving co-operators who I hope are present in this meeting.

In an annual gathering of Co-operators it will not be out of place I think to dwell briefly on matters which are intimately connected with the onward march of the movement.

The economic well-being of agriculturists being our main object the time has come when it is necessary for us to discuss how far co-operation has been able to contribute to the betterment of the condition of the people and in what directions our energies should now mostly be directed.

The essence of Co-operation is self-help. It does not come tenance charity as such. The objectionable tendency to look up to others for the amelioration of ones own condition finds no place in the co-operative system. Co-operation is nothing else but the combination of several individuals to attain by their united energies and strength the advantages of large scale dealing in production, distribution and credit. It is based primarily on the economic truths that the larger the unit the greater the economy in working and the greater the mass of capital the more confidence it will command.

It must be conceeded that, co-operative credit societies have thus far relieved a large number of agriculturists from the clutches of village money-lenders, supplied their members with cheap loans on easy payment system for purchasing bullocks, seeds, manure and agricultural implements, have taught their members thrift and self-help to a certain extent. But yet much remains to be done. Every agriculturist, nay every inhabitant of this province who has the welfare of his neighbours at heart should understand and assimilate the main principles of co-operation and the advantages of combination for any good cause. For though self-help is the essence of co-operation, without knowledge self-help is nothing. With it, it can do every thing. Knowledge is power. It is an investment which always pay a good dividend. It is easy to see that the best intention counts for little unless intelligence inspires and directs it to action and therefore without an open and instructed mind there can be no growth of co-operation.

What is wanted now is organisation—organisation of the rural population-organisation of their resources-organisation of their credit and organisation in the distribution of their produce. For otherwise what is a common cultivator worth? "An acre or two of impoverished land, a pair of lean cattle, an eight anna plough, a dry cow, a two rupec goat, represent the assets of a borrower. Who will trust him? The function of a bank is to moneties trust or credit; but if the credit is not there the bank is powerless to monetics it with safety. The development of trust or credit is therefore essential and this can be achieved by education and organisation alone. As a distinguished writer has rightly said "The Rayat is a small man but multiply him by 300 millions, organise his credit and his energy,. provide him with a banking system and he becomes a giant, able to move the world." It was an inspired moment when His Gracious Majesty the King Emperor said "If the system of co-operation can be introduced and utilized to the full I foresee a great and glorious future for the agricultural interests of this country." This message was uttered in 1911 and though since then some progress has been made, much remains undone. This conference would, therefore, urge upon all co-operators to introduce and utilize to the full the system of co-operation for therein lies the solution of many a economic problem with which we are faced to-day.

Besides the fecilities of a cheap loan co-operation must grapple with the problem of improvement of Indian agriculture. Every cultivator complains about the want of suitable pasture land. Though this is a matter in which the zaminder can help much, the cultivators should themselves take up the matter in hand and establish grazing grounds on co-operative basis. The cattle must be fed in order that their strength may be sustained. Want of pasture land is mainly responsible for the deterioration of cattle. Good breeding bulls should be provided for in order that the agriculturists may have healthy bullocks. It may be possible for a group of co-operative

societies to secure a bull but without grazing facilities it will lose half its worth.

Improved agricultural implements in order that they may be popular and profitably employed, should be of a price suited to the pockets of a common cultivator. Besides such implements should be easy to manipulate and capable of being repaired by a village blacksmith and carpenter.

The value of Agricultural demonstration firms can hardly be overestimated. Just as a good Co-operative Society is the best medium of popularising the movement, so a demonstration firm is the best medium of bringing home to the ignorant masses the benefits of good seeds and manure, the utility of improved implements and benefits of irrigation. An agricultural demonstration firm should be located near a village hat, preferably on the main road leading to the hat in order that may attract the attention of the neighbouring villagers who regularly visit the hat. When an agricultural demonstration firm will achieve its end it will no longer be necessary for the department to maintain so many seed-stores at a heavy establishment charge. People will themselves be anxious to continue and start seedstores on co-operative basis. But it is hardly possible for a Government Department with limited funds at its disposal to establish demonostration firms all over the province. The efforts of the Department must be supplemented by financial assistance from the Philanthropic Public. It is for this reason that I consider that a Provincial Agricultural organisation Society on the model of Irish Agricultural organisation society should be formed with the main object of introducing improved methods of agriculture. If only a few earnest workers can be found out there will be no difficulty in raising adequate funds.

Another way of popularising improved methods of agriculture is through the M.E., M.V., and Primary Schools. In these schools a large number of sons of cultivators study. Every school building has some sort of a compound attached to it which can be profitably converted into small demonstration plots and worked by the students themselves. The students will thus gain first hand knowledge of the advantages of improved methods of agriculture and will try to introduce them in their own lands.

On the industrial side co-operation has immense possibilities. Several cottage industries such as weaving, cotton industry, sugar industry, poultry, pottery, etc., can be organised on co-operative basis. Co-operative stores are making much headway in recent times. Some of these stores are getting on very well but some are struggling. The success of a co-operative store depends to a great measure upon careful guidance and strict adherence to principles, close supervision, a robust optimism and above all upon honesty.

Co-operation is a new force in industry whose inspiration is fraternity, whose method is economy, whose principle is equity. Here there is no conflict between labourer and capital, because co-operation recognises the right of labour to share in the gain it mainly creates.

The modes of co-operation are numerous. It is as flexible as individualism, and there is no device nor improvement which an individual originates, which several persons might not co-operate and carry out for their own advantage. Co-operation is capable of infinite application. It has been applied to insurance and to the advantage of boardmen. News vendors have employed it, nurses are trying it. There is a form of co-operation where a few persons form a society, subscribe to buy a cow and divide the proceeds of milk and butter amongst themselves. There is a form of co-operation in sheep breeding countries in which one or more persons supply the stock and others breed from them, when the sheep are equally divided between stock owners and sheep breeders. A considerable number of stores are now applying co-operation to forming in European countries. A few societies have applied it to coal mining. A little thought will, therefore, convince any one that co-operation is of almost universal application. This paper is getting long and I must conclude. I would earnestly appeal to you to bestow a little thought towards this worldwise movement. Co-operation has worked wonders in other countries and is bound to work still greater wonders in Those who have not studied this movement do not realize its importance and possibilities but those who have studied it know that, in cooperation alone lies the economic salvation of our country. tion is a constructive movement which means business progress. Based on selfhelp fraternity and equity, the day is not far distant when co-operation will be regarded as the gospel of the new era. I would particularly appeal to our youngmen who are fired with an ardent desire to serve their country to come under the banners of co-operation. For here they will find a vast field for real constructive work. Here they will find opportunities for doing, immens good to their country in an orderly way through steady progressive stages. It is only through love, peace and goodwill to all that we can march smoothly in orr onward journey. Co-operation preaches love and good will to all and inspires one with what is manly, self-respecting, honourable, and noble. I cannot close this, Sir, without referring to the valuable help and encouragement that I have all along received from officials and non-officials alike in getting up this conferece and exhibition. The readiness with which our Collector Mr. J. N. Roy, O. B. E. and Mrs. J. N. Roy approved of my proposal to hold the conference and exhibition again this year, has always inspired me to work heart and soul in this venture. Mr. N. Sen, M.B.E., S.D.O. and Rai Shahib B. N. De, Sub-Divisional Officer of E. B. Ry., have taken a keen and sympathetic interest from the very beginning and their advice and help have been of great value to us. Our thanks are due to the Direstor of Agriculture and to the District Board. Faridpur, for their generous grant of Rs. 100 each. Lastly, Sir, if this function has achieved any account of success it is not due of any effort on my part but owing to the untiring zeal, energy and active co-operation of my brother joint Hony. Secretaries Babu Jitendra Nath Mitra, Sub-Engineer,

E. B. Ry., Babu Bepin Chandra Ganguli, Babu Hira Lal Roy, Circle Officer, Rajbari, and Babu Bireswar Lahiry, Muktear. To all these gentlemen I shall ever remain bound in deep debt of gratitude. Last though not least I am particularly indebted to Babu Debendra Nath Mitra, District Agricultural Officer and his assistants for their valued co-operation.

AKSHOY KUMAR BOSE.

## How to improve the condition of rural societies and to devise means to educate members on the principles of Co-operation and train office-bearers of rural societies.

Generally we see that it is a common belief amongst the masses that if ten or twelve persons united together apply for a bank they will get money at a cheaper rate of interest without mortgaging property or executing any bond. But in fact, they remain ignorant of the principles of Co-operation. Some also try to give the mass a conception of Co-operation, but I do not think that their efforts are truly successful. It is an admitted fact that if the mass cannot understand the principles of Co-operation in the right line, the progress of this movement will be paralysed. I suggest the following means for the improvement of Co-operative organisations in my humble way and I hope that those who are at the helm of this department will act up to it if found practicable.

Our experience in this department is that the present system of organisation is more or less defective. The Organiser after going to the interior tries to organise a society by a single lecture to the village people who are uneducated and their knowledge of the outside world is practically nil. The formation of a good society means education of its members. So mass education is essential to make this movement a success. In this connection I suggest the following:—

- (a) Opening of Primary School,
- (b) Opening of Free Primary School,
- (c) Night School,
- d) and lastly, the opening of such Schools by the Central Banks on the type of Government Guru training schools for the training of office-bearers of rural societies.

To meet the expenditure of these schools the Registrar may be requested to sanction oneforth of the Reserved fund of the village societies.

II. At present the societies are scattered. I suggest that instead of a group of contignous societies should be organised as it gives immense facilities for the training of members and spreading of Co-operative educa-

tions amongst them as a whole. It would be better if one officer is deputed to each of these groups to look after all these. His pay will be met from contributions of the Societies.

- III. There will be at last ten Societies in a group. The members of these Societies will hold general meetings at least twice a year. The Directors of Central Banks should attend these meetings and discusses principles of Co-operation, the condition of the Societies and the members.
- IV. A Conference of all the members of the Societies affiliated to a Central Banks is also nesessary once a year. If it is not convenient to meet at a place the conference may be held at two or three centres.
- V. The number of organisors should also be increased to make this movement more successful.
- VI. Lastly the most important thing is that the members should learn what "self-help" is. Interdependence is cronic amonght the masses but worse than this is their habit of resorting to a local mahajan or the Bank at the time of need. The member should be taught that he will have to depend upon himself and upon his own earnings. Experience shows that the habitual dependence upon the mahajans and Banks has ruined and not improved their condition. In order to improve the condition of these cultivators the authorities should compel the members to save a part of their income regularly to prevent them from running into fresh debts at every time of emergency. In this connection I suggest the following methods for the improvement of the members:—
  - (a) A portion of land will be set apart by each member and in this land he will grow vegetables such as Bagoon, Maricha, etc. The sale proceeds of these will be permanently deposited in the Society. If a member is too poor to set apart any such portion of land then he will have to grow Ada, Haridra, etc., under the "Jangla" of Kumra or Law plants. We know that every cultivator of Bengal has got lands for this purpose.
  - (b) Every member should keep "Mushti Chaul" daily and at the end of each month the price of it will be deposited at the Bank.
  - (c) At the jute season every member according to his means must deposit a portion of the price of jute.
  - (d) The member should spend at the time of Social ceremonies such as marriage, sradhya, etc., according to the directions of the Panchayets.
  - (e) It should be a principle that no Central Bank will finance any Society which will not abide by the above suggestions.

#### THE CO-OPERATIVE COLLEGE AT MANCHESTER

Holyoake House, Manchester, is not only the seat of the British Cooperative Union but also the temporary head-quarters of the Co-operative College which aims at providing a scheme of Co-operative education in the higher branches of those specialized studies which the educational side of the Movement has developed for many years past.

The establishment of a centre in which the elementary teaching of the classes set up under the Union's general scheme and local, organised and financed by the distributive societies, has for a long time needed focussing in an institution where students with special aptitude and ability could pursue their studies. This is not only necessary in the interests of the individual but also for the efficiency of the Movement.

Advanced classes and home studies, the use of other educational organisations whose work borders upon or overlaps the co-operative sphere, have hitherto provided opportunities for a certain degree of progress on the part of those pupils whose taste for economics in general, and co-operation in particular, has lead them to browse more completely in the fields of co-operative knowledge. Such occasions of advance have however proved to be inadequate, and the need of a special Co-operative College has become insistent.

Appeals to the Co-operative Movement in Britain for the necessary funds to provide a College Building have so far justified the step now taken by the Union in definitely formulating the plan and machinery of their collegiate institution. It is, of course only in embryo at present, but it is actually functioning. The prospectus before us at the moment sets forth the constitution of the College Committee, which is representative of the various geographical sections or areas of the Co-operative Union; the special Educational Association and the Women's Co-operative, Guild.

The staff includes the Principal, Prof. F. Hall, M.A., B. Com., in addition to four regular lecturers and an equal number forming the Administrative staff of the College. As indicated above the temporary home of the College is the fine office of the Union, which is also a memorial to the late Lecter, George Jacob Holyoke.

The objects of co-operative education are usefully set out in the prospectus, as thing—"primarily, the formation of Co-operative character and opinions by reacting the history, theory and principals of the Movement, with economics and industrial and constitutional history in so far as they have bearing on co-operation; and secondarily, though not necessarily of less import, the training of men and women to take part in industrial and social reforms and chair life generally".

The College is open to both men and women, but no student of less than seventeen years of age is admitted except under special circumstances. The session or college year is from October to June, and the fee for a full course of instruction on the various subjects, amounting to about fifteen hours' teaching per week, is twelve guineas. Shorter periods and for special subjects are provided for those unable to take the full course.

Manchester, is of course, an excellant centre for the special kinds of study undertaken in the College, not only by reason of its being the centre of co-operative active in Britain, but also because ot its vital connection with the great industries and commerce of Lancashire and the surrounding counties.

We need not here detail the curriculum of the College. It is sufficient to say that it covers most, if not all, of the special subjects necessary to achieve the objects of Co-operative education as defined above. It may, however, be noted that the scheme includes "Tuition by Correspondence" and "Extension Lectures" by which courses of study are taken to the Localities of societies desiring them. Four scholarships of the Movement are tenable at the College, two being the Blandford Scholarships of the value of £20 each of which all delegates and visitors to the British Congress will have some knowledge because, on presenting their credentials at the Congress Reception Bureau, they are always invited to make a small contribution to the fund, which, of course they may refuse to do-but at their peril! The other two are Jubilee Research Scholarships, established in 1918 to commemorate the Jubilee of the Co-operative Union. Their value is £40 each, and they are granted for the promotion of research and the encouragement of investigation of subjects of co-operative importance.

Now this work so briefly summarised here, may be thought to be only of importance to British Co-operators. Such is, however, not the case as students are received from the uttermost ends of the earth. During recent months young co-operative enthusiasts from India, Australia, Finland and Japan have assuaged their thirst for co-operative knowledge, and an insight into romance of our Movement, by studying at Holyoake House. Some have taken a regular course and other have been compelled to be content with a fleeting visit, reading as they ran, gathering the flowers and fragrance of our growth, scenting the peaceful evolution promoted by the Pioneers and now gradually encompassing the earth.

Co-operators of every country, race and creed are welcome either as visitors or students to this newest temple at the Mecca of co-operation. If the books and works and teachers of necessity demand material recompense we can at least say that the spirit which encompasses the work is without money and without price.—International Co-operative Bulletin.

#### A SWISS CO-OPERATIVE VILLAGE

#### By ULRICH MEYER, BASLE.

If there is anything that can open the eyes of mankind to the unity of its interests and the necessity of mutual help it is the fact that the troubles of one nation are also felt by other nations none can withdraw itself from the needs of the others.

In all the large towns of Switzarland there has been a great scarcity of dwellings; in many places either barracks have had to be built to meet the urgent need or school-houses have been used as lodgings. It is therefore not surprising that the authorities, public utility organisations and private enterprises are seriously concerned with seeking to remady this evil.

Among the most interesting solutions of the housing problem, may be counted the settlement "Freidorf" (free village), by the Swiss Union of Co-operative Societies in Basle.

The following is a description of the formation and organisation of this colony.

Among the staff of the Swiss Union of Cc-operative Societies, amounting to about 800 persons, the wish had, long existed that the Union, which had already set up so many beneficent institutions for its staff, should also act energetically in the solution of the housing question, since there was a great shortage of dwellings in Basle.

This question had also engaged the attention of Mr. B. Jaeggi, the President of the Union, and when the Union of Swiss Co-operative Societies, together with all other industrial and commercial enterprises, was called upon to place at the disposal of the Government the reserves and surpluses accumulated during the war in order to deduce the national debt, a great plan took tangible shape in the inventive mind of Jaeggi. These funds, instead of being allowed to get lost in the bottomless abyss of the Treasury, should be saved and used instead for a permanent and brilliant work, no less than the foundation of a dwelling colony on a purely co-operative basis.

In view of the fact that the Government had been petitioned from all sides to help relieve the shortage of dwelling, it became necessary to render and an extensive scale, and Mr. Jaeggi succeeded in obtaining the permission of the authorities that an amount of 7½ million frances (about £300,000), instead of being paid as war-tax. could be utilised for the foundation of the settlement "Freidorf".

In the meantime Mr. Jaeggi had found out that in the neighbourhood of Basle a plot of land was for sale and he immediately bought at a comparatively cheap price.

Well-known architects were invited to draw up plans for the construction, and Mr. Jaeggi invited the staff of the Union to discuss the project.

On May 20th, 1919, the foundation of the settlement society "Freidrof" was achieved.

The aims of the society were set forth in the rules as follows: The furtherance of the social welfare and the amelioration of the standard of living of its members.

Only persons intending to live in the settlement may became members of the Society. Others interested may be accepted as "supporters" i.e., persons with the same financial duties as the members, but without their rights.

Both categories are bound to subscribe to at least one share of a hundred francs.

All speculation in the buildings or land is excluded. For the present the dwellings are only leased to the members. The lease however, is unredeemable and terminates only with the discontinuance of membership, unless, of course, the member becomes guilty of gross neglet of his duties.

In case of the death of a member, the membership may be continued by the heir.

Out of the plans submitted the settlers unanimously chose that worked out by a young archi ect, Hannes Meyer, who was thereupon appointed superintending architect of the society.

On November 1st 1919, the excavating work was commenced. At the end of 1920 about 100 houses were inhabited and the remainder will be 1eady by 1st April, 1921.

The colony comprises 150 one-family houses of 4, 5 or 6 rooms, while at least 200 square metres of land belong to every house.

All buildings are constructed of birck; the cellars occupy the same square space as the upper floors. The basement consists of three subdivided rooms; the laundry, a room suitable to be turned into a work-shop, and the actual cellar. The society fitted the laundry with a first-grade washing copper, a tray and a hot-water boiler with a ready supply of about 53 gallons of hot water for the use of the laundry, the kitchen and the bathroom. The water is heated by electricity at night-time, when cheaper rates for electric current are obtainable. The container is always filled with hot water. Cold water enters automatically as soon as hot has been used also the electric current is connected and switched off automatically. Hot and cold water pipes supply the rooms on the floors above.

The floors of the bedrooms are made of oak, the bath-room floor of Terrazzo flooring, while the attics have floors made of pine wood.

All rooms in the house are lighted by electricity.

On the garden side of the houses a glass-covered projecting roof has been made, which, at the same time, protects the kitchen and cellar stairs.

Most of the houses have gardens in front and at the back. All the roads of the colony are destined for its own traffic, the public road passing alongside the village and not through it.

The rent paid by the settlers is small in comparison to that which is paid at the present time for hired lodgings; it amounts to 850 francs for the smallest houses, 1,100—1,200 and 1,600 francs for the larger houses.

The inhabitants of "Friedorf" not only provide their housing needs, but they manage in common the provision of all necessities.

For this purpose a large building is constructed in the centre of the village, with shops for food stuffs of all kinds, boots, manufactured goods, and haberdashery.

An elementary school, consisting of three classes, is installed in the building, also a restuarant and a library.

'The members of the "Freidrof" collaborate actively in the administration. Seven committees have been appointed, of which the committee of education is the most important. Its programme, at present, is as follows:—

Installation of a library and of a reading-room, the organisation of lectures and courses regarding the co-operative eystem in general, health question, exchange of goods, gardening, preserving of fruits and vegetables, and also the raising of a relief fund.

Beside the committee of education there is a Board of Health for the organisation of the care of the sick, the management of the household, and the arranging of lectures on these subjects a Board of Management, whose duty is to consider all questions having to do with the supervision of all commonly owned properties of the colony, a Board of Construction, a Finance Committee, and Entertainment Committee for the furtherance of social life in the colony a Board of Safety for the organisation of a fire brigade, cleaning the roads, removal of rubbish and the maintenance of public safety.

Approximately 35 members serve on the committees of these various boards. It is planned, however, to get every member of the colony, as well as the grown-up members of his family to co-operate whenever possible in the work of one of these boards.

The work done in this connection is, of course voluntary, it being remaidered a duty for every member to place his special capabilities at the disposal of the whole community without demanding payment.

Thus the settlement society "Freidorf" returns to the venerable Rochdan renegates of serving each other instead of working for payment. The rules require every member to procure his supplies from the Co-operative Stores, which will purchase all their goods from the Swiss Co-operative Wholesale Swiety.

An institution of considerable importance is the savings bank and benevolent fund of the co-operative colony, which is designed to encourage thrift amongst the members.

Each member of the colony undertakes to contribute to the fund a penny a day the contributions being collected each week by children. The interest accruing to members on their contributions is not paid to them but remains in the bank, and is utilised for educational purposes.

If the 150 members pay their contributions regularly for 10 years each family will have saved a sum of 482 francs, and the entire community 72,325 francs. Thus in 30 years a sum of 382,000 francs will have accumulated.

The co-operative colony hopes that its example will be followed by other Co-operative Societies, and that in this way out of the smallest amounts saved without effort a considerable social capital may be raised.

We are confident that the settlement society "Freidorf" will have a beneficial effect on the whole Swiss Co-operative Movement. The living near each other of all grades of the staff of the Union will, no doubt, have great influence on the spirit of the colony but especially the strict application of co-operative principles and the active co-operation of the whole of the members will not fail to benefit the whole Mevement.

May the expections that are placed in this colony be fulfilled then the "Freidorf" will soon hold a place of honour in the co-operative life of the world, and will be one of the chief attractions of the International Co-operative Congress that will be held this year at Basle.—International Co-operative Bulletin

#### NOTABLE UTTERANCES

The following speech was delivered by His Excellency Sir Harcourt Butler, Governor of the U. P. at a Durbar of Co-operators held at Lucknow recently:—

Gentlemen,—I welcome you to this my first public meeting as Governor of these provinces. I have listened with pleasure to your statement of the progress of the co-operative movement and I thank you for your kindly reference to the assistance which as Lieutenant-Governor I was able to give to it, and to the efforts of your Registrar, Khan Bahadur Shaikh Maqbul Husain, C. I. E. and his lieutenant, Khan Bahadur Chaudhri Wajid Husain. The movement is an important one in the evolution of the province, and never more so than at the present time, when a great economic transition has commenced in India.

It is not too much to say that the war has caused a real revolution in the economic condition and the economic thought of this country. Situated distantly as she was from the scene of actual strife and protected by the greatest sea-power in history, India was not affected by the war to the same extent as many other countries. Similarly, she has been less affected than many other countries by post-war economic troubles, due to the exhaustion of wealth and economic resources and the difficulty of finding work for millions of demobilised soldiers. In fact the war has thrown open great opportunities for economic development in India and in this province. It is the duty of all true lovers of India to make the most of those opportunities, in order that India may enjoy to the full the immediate advantages of economic growth, together with the moral, social and political progress which should accompany it.

Already, and especially of late, many mills and factories have been established. Indian capital is overcoming its shyness and is supporting various industrial enterprises on western lines. A good beginning has been made by Government and the people to start and foster new trades and industries and technical education. Indications of industrial progress on modern lines are visible on all sides. But agriculture is still the predominant industry of India. The agriculturists are still, as has been well said, "not merely the backbone but almost the whole of India." According to the latest figures, the number of labourers employed in large industrial enterprises including railways, engineering workshops, military arsenals and factories is barely one per cent. of the total population of India The industrial prosperity of India is still bound up with the agricultural

prosperity of India. This in its turn depends on the seasons and also on agricultural knowledge and efficiency and not least, on agricultural credit.

Agriculture, the predominant industry of the province, stands much in the same position as in Europe before the era of scientific discovery. It is to a large extent nonprogressive because the great possibilities of improvement are not generally realised and the means of obtaining larger yields from the soil are not generally understood. The introduction of improved methods requires the application of capital, and this can best be obtained through co-operative societies. Although the co-operative movement is an exotic in one sense, yet it has taken root and is being steadily climatised. Even in Europe it was a plant of tardy and not in some places still of stunted growth.

What is our record in this province? Work began on the passing of the Co-operative Societies Act of 1904. The quinquennial period ending with the 30th June, was one of observation, experiment, and slow but steady growth. The years 1909-1912 witnessed a rapid expansion of the movement. The number of societies rose during this period from 369 to 1,946 while the working capital increased from about 33 lakhs to nearly 72 lakhs. The rapid increase was continued in the co-operative year ending the 30th June, 1913, when the number of societies rose to 2,530 and the working capital to some 86½ lakhs. That year was marked by widespread scarcity and was followed by the unparalleled economic disorganisation which accompanied the outbreak of the war. In the year 1015 again there was failure of crops over an extensive area. The department was already faced with a difficult situation in combating the evils of too rapid expansion based on the excessive hopes of early co-operators had now to deal with a There was a temporary depression. When I assumed critical position. charge of the province in 1018, the number of societies had actually gone down from 3,245 to 3,000 and the working capital from Rs. 1,20,40,886 to Rs. 1,11,29,738. Moreover weak and recalcitrant societies which had afterwards to be liquidated bulk too largely in the returns. the problem, increased the staff, passed legislation for the speedy and effective liquidation of bad societies, encouraged good workers in many ways, enlisted the support of the Court of Wards and improved the status of a non-official chairmen and vice-chairmen of central societies on an equal footing with large landowners and income-tax payers for purposes of the electoral roll of the Council of State. The results are distinctly encouraging. The arrears of the working societies wer reduced from 20 per cent. of the outstandings to 56 per cent. in 1918-19 an ' (0 32 pc) cents. in 1919-20. While special attention has been paid to setting our broken him order, fresh organisations on sound lines have also been enthusiastically carried on. If the figures relating to the liquidated societies was excluded. from the returns of the last two co-operative years the feturas would show an increase of 1,123 societies.

A notable feature of recent development is the creation of 11 new central banks and six guaranteeing unions. The directors of these latter societies are not so highly educated as those of the large district banks but they possess better knowledge of the area of operations and command more leisure which can be usefully spent on ascertaining the character and capacity of intending members, on controlling the distribution and supervision of the application for loans and on guiding the day—to day administration of the constituent societies. Another important development is the increased coordination between the co-operative department and the Agricultural department with the result that most district banks have purchased large quantities if improved seeds, implements and manures. The area sown with improved seed during the last two years was the largest years was the largest ever sown since the inception of the movement. But the purchases have been made from the Agricultural department by credit societies, and though useful as a beginning stand on an entirely different footing from the opening of supply societies such as they have elsewhere.

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